STATE OF TENNESSEE

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 1980

LAMAR ALEXANDER
GOVERNOR

Comptroller Of The Treasury

Department Of Finance And Administration

Tennessee is a state rich in history and rich in promise.

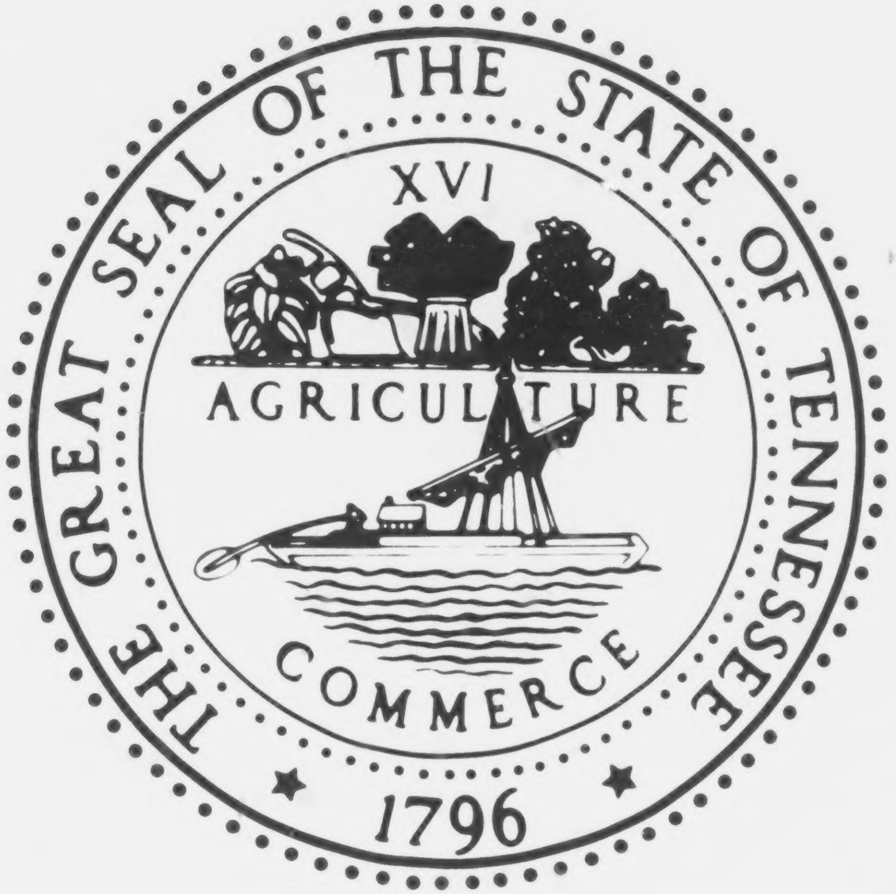
It is a state of many dimensions—a broad-based diversified economy, a dependable and developing transportation network, an exceptional system of educational opportunities, an exciting and rewarding cultural life, and scenic natural resources that are unmatched in the world.

Tennessee, the sixteenth state to join the Union, has seen war and suffered hard times—but in this century has seen recovery and the rewards of a large-scale commitment to economic growth and community development. The 4.4 million Tennesseans today enjoy a quality of life that is founded on a strong and vital economic base of agriculture, manufacturing and sound financial leadership.

It is a state of dynamic cities, promising towns, and a strong sense of community. Its terrain is as varied as its people—from high mountains to rolling hills to abundant farmland plains, from inviting lakes behind high dams to white-water rapids and sparkling streams. Tennesseans from Memphis to Mountain City are within easy reach of an abundance of recreational opportunities.

Tennesseans have a proud tradition of hard work and strong institutions and vibrant communities. And that tradition is reflected today in the explosion of opportunities that Tennesseans are seizing for the future.

The Great Seal of the State of Tennessee


THE GREAT SEAL OF THE STATE OF TENNESSEE
XVI
AGRICULTURE
COMMERCE
1796

Annual Financial Report

For the Year Ended June 30, 1980

STATE OF TENNESSEE

LAMAR ALEXANDER, Governor

DEPARTMENT OF AUDIT
WILLIAM R. SNODGRASS, Comptroller of the Treasury
Division of State Audit
FRANK L. GREATHOUSE,
Director

DEPARTMENT OF FINANCE AND ADMINISTRATION
LEWIS R. DONELSON, Commissioner
Division of Accounts
ROBERT L. BUCKHAM, Assistant Commissioner
for Accounting

Authorization No. 175; 825 copies.

STATE OF TENNESSEE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1980

TABLE OF CONTENTS

INTRODUCTION

	Page
Letters of Transmittal	I
Certificate of Conformance	V
Graphic Presentations of Revenues and Expenditures - All Governmental Fund Types	VI
Organization Chart	VIII
FINANCIAL STATEMENTS	
Auditor's Opinion	
Combined Statements - Overview	
Combined Balance Sheet - All Fund Types and Account Groups	1
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General Fund and Budgeted Special Revenue Fund Types	3
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types and Similar Trust Funds	4
Combined Statement of Changes in Financial Position - All Proprietary Fund Types and Similar Trust Funds	5
Combined Statement of Changes in Fund Balances - All College and University Fund Types	6
Combined Statement of Current Funds Revenues, Expenditures and Changes in Fund Balances - All College and University Current Funds	7
Notes to the Financial Statements	8
General Fund	
Balance Sheet	17
Statement of Revenues, Expenditures and Changes in Fund Balance	18
Statement of Revenues by Source	19
Statement of Expenditures by Function and Department	20
Statement of Expenditures by Object	21
Narrative Explanations	22
Special Revenue Funds	
Combining Balance Sheet - All Special Revenue Funds	23
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds	24
Combining Balance Sheet - Other Special Revenue Funds	25

Page

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Special Revenue Funds 26

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Budgeted Special Revenue Funds 27

Balance Sheet - Highway Fund 28

Statement of Revenues, Expenditures and Changes in Fund Balance - Highway Fund 29

Statement of Revenues by Source - Highway Fund 30

Statement of Expenditures by Object - Highway Fund 31

Narrative Explanations - All Special Revenue Funds 32

Debt Service Fund

Balance Sheet 33

Statement of Revenues, Expenditures and Changes in Fund Balance 34

Capital Projects Fund

Balance Sheet 35

Statement of Revenues, Expenditures and Changes in Fund Balance 36

Enterprise Funds

Combining Balance Sheet 37

Combining Statement of Revenues, Expenses and Changes in Fund Equity 38

Combining Statement of Changes in Financial Position 39

Narrative Explanations 40

Internal Service Funds

Combining Balance Sheet 41

Combining Statement of Revenues, Expenses and Changes in Fund Equity 42

Combining Statement of Changes in Financial Position 43

Narrative Explanations 44

Trust and Agency Funds

Combining Balance Sheet - All Trust and Agency Funds 45

Combining Statement of Revenues, *Expenditures/*Expenses and Changes in Fund Balances - All Trust Funds 46

Combining Statement of Changes in Financial Position - Nonexpendable and Pension Trust Funds 47

Combining Statement of Changes in Assets and Liabilities - All Agency Funds 48

Narrative Explanations - All Trust and Agency Funds 49

Page

General Fixed Assets Account Group

Statement of General Fixed Assets by Function and Activity 50
Statement of Changes in General Fixed Assets by Function and Activity 51

General Long-Term Debt Account Group

Statement of Changes in General Long-Term Debt 52

College and University Funds

Combining Balance Sheet - All College and University Current Funds 53
Combining Statement of Changes in Fund Balances - All College and University Current Funds 54
Combining Statement of Current Funds Revenues, Expenditures and Other Changes - All College and University Current Funds 55
Combining Balance Sheet - All College and University Fiduciary Funds 56
Combining Statement of Changes in Fund Balances - All College and University Fiduciary Funds 57
Combining Balance Sheet - All College and University Plant Funds 58
Combining Statement of Changes in Fund Equity - All College and University Plant Funds 59
Narrative Explanations - All College and University Funds 60

STATISTICAL DATA Table

Expenditures by Function - All Governmental Fund Types I 61
Revenues by Source - All Governmental Fund Types II 62
Tax Revenues by Source - All Governmental Fund Types III 63
Description of Tax Sources - All Governmental Fund Types 64
Ratio of Net General Long-Term Debt to Assessed Value and Net Debt Per Capita IV 66
Computation of Legal Debt Service Margin V 67
Ratio of Annual Debt Service for General Long-Term Debt to Total Expenditures - All Governmental Fund Types VI 68
Schedule of Revenue Bond Coverage - Tennessee Housing Development Agency and College and University Funds VII 69
Debt Service Requirements to Maturity - General Obligation Bonds VIII 70
Debt Service Requirements to Maturity - Revenue Bonds IX 71
Summary of Debt Service Requirements to Maturity X 72
Statement of Outstanding Debt - All Fund Types and Account Groups XI 73
Schedule of Insurance Coverage 74
Methods of Selection, Terms of Office, Annual Salaries and Fidelity Bond Coverage of Principal State Officials 75

ECONOMIC DATA

Economic Characteristics 76

LAMAR ALEXANDER, Governor

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL, NASHVILLE, TENNESSEE 37219

LEWIS R. DONELSON, Commissioner

November 14, 1980

The Honorable Lamar Alexander
Governor of the State of Tennessee

Dear Governor Alexander:

In accordance with Section 4-4-114, Tennessee Code Annotated, it is my pleasure to transmit to you the Annual Financial Report of the State of Tennessee for the year ended June 30, 1980. We are proud of this report which represents continued progress toward reporting in complete conformity with the stringent standards established by the National Council on Governmental Accounting and the Municipal Finance Officers Association. This report is presented on the accrual or modified accrual basis, as appropriate, and we believe it presents Tennessee's financial picture clearly and understandably. The report includes all funds and account groups of the state.

The highlight of the state's fiscal achievement is not fully evident from the financial data presented herein. In the face of state tax revenues which were $60.6 million short of those projected in the Budget as adopted, the state responded promptly by reducing expenditures so that fund balances remained relatively unchanged. The existing revenue reserve of $32 million was reduced by only $1 million. The state was able to continue funding the rapidly expanding costs of health and social service entitlement programs by reductions in staffing and streamlining other state operations. In these times of tax revolt the willingness and ability of the state to respond to a revenue crunch and deal with the realities of inflation is the true test of its financial strength. On this basis Tennessee has met the test.

Management's Responsibilities for Financial Reporting

The financial statements of the State of Tennessee have been prepared by management who is responsible for their integrity and objectivity. These statements are based on generally accepted accounting principles considered by management to present fairly and consistently the state's financial position and results of operations. These statements necessarily include some amounts which are based on management's best estimates and judgments.

The state's system of internal accounting controls is designed to provide reasonable assurance as to the protection of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The financial statements have been examined by the Division of State Audit, Office of the Comptroller of the Treasury. Their examination was conducted in accordance with generally accepted auditing standards, and their opinion appears elsewhere herein.

General Governmental Functions

Revenues for general governmental functions totaled $3.4 billion in 1980, an increase of 10% over 1979. Taxes represented 57% of general revenues compared to 61% last year. The amount of revenues from various sources and the increase over last year are shown below (expressed in thousands).

Revenue Source	Amount	Percent of Total	Increase from 1979
Taxes	$1,891,741	56.5%	$ 46,575
Licenses, fees and permits	38,260	1.1	2,658
Interest on investments	92,012	2.7	24,280
Federal	1,150,746	34.3	195,512
Departmental services	170,570	5.1	30,274
Other	10,083	.3	4,837
	$3,353,412	100.0%	$304,136

Revenue highlights in 1980 were few as the national recession, fueled by the energy crisis, placed considerable pressure on state tax collections. Although tax revenues in the aggregate increased 2 1/2% over 1979 levels, sales tax collections of $924 million were some $17 million below revised projections. Gasoline and related taxes decreased $12 million to $225 million in 1980. One bright spot was the increase in earnings from the investment of temporarily idle funds. More favorable interest rates generated investment income of $92 million as compared to $68 million the previous year.

Expenditures for general governmental purposes totaled $3.5 billion, an increase of 16% over 1979. Increases in expenditures by function over the preceding year are presented in the following tabulation (expressed in thousands).

Function	Amount	Percent of Total	Increase (Decrease) from 1979
General government	$ 174,117	5.0%	$ 39,578
Education	1,230,510	35.5	113,011
Health and social services	1,197,936	34.5	224,128
Law, justice and public safety	145,516	4.2	16,534
Recreation and resources development	64,538	1.8	7,597
Regulation of business and professions	13,808	.5	1,086
Transportation	479,599	13.8	87,397
Debt service	78,104	2.2	(2,769)
Capital outlay	89,383	2.5	(2,237)
	$3,473,511	100.0%	$484,325

Soaring national inflation helped push 1980 state expenditures to record levels. Functionally, the largest increments occurred in general government where increased appropriations of $12 million were disbursed to cities and counties for street and road maintenance; in health and social services where burgeoning Medicaid costs rose to $380 million from $316 million in 1979; and in transportation where an increased program of interstate highway construction resulted in 1980 costs of $130 million versus $67 million the prior year.

Despite an overall decrease of some $127 million, the ending fund balances for all governmental fund types ($668 million) were maintained at adequate levels. Of this total, unreserved governmental fund balances aggregated $44.2 million as compared to $51.5 million the previous year end.

Debt Administration

Tennessee continues to receive excellent bond ratings from both Moody's Investors Service (Aaa) and Standard and Poor's Corporation (AA+), reflecting our long-standing record of sound financial management. No general obligation bonds were issued during the fiscal year. As a result, outstanding general long-term debt declined from $651 million at June 30, 1979 to $603 million at June 30, 1980. In August, 1980 $71.4 million of general obligation bonds were sold at a favorable average interest rate of 7.017%. The following table presents general obligation bonds issued during the past five fiscal years.

Date of Issue	Amount (Millions)	Average Interest Rate
May 1, 1976	$125.0	5.098%
June 1, 1976	111.0	4.980
March 1, 1977	52.1	4.988
October 1, 1977	107.4	4.667

The ratio of net general long-term debt to assessed valuation and the amount of net debt per capita are useful to citizens, investors and management as indicators of the state's debt position. At June 30, 1980 these data were as follows:

	Amount	Ratio of Debt to Assessed Value	Debt per Capita
Net General Long-Term Debt	$600,199,000	4.20%	$135.30

General Fixed Assets

The general fixed assets of the state are those fixed assets used in the performance of general governmental functions. They exclude the fixed assets of the Enterprise, Internal Service and College and University Funds. As of June 30, 1980 the state's general fixed assets amounted to $816 million. Since historical cost records for those items acquired or constructed prior to July 1, 1978 (some $620 million) are incomplete or not available, the best estimates of historical costs have been used for their valuation. The state is continuing the development of appropriate accounting records for all general fixed assets, including a detailed inventory of land.

Certificate of Conformance

The Municipal Finance Officers Association of the United States and Canada awarded a Certificate of Conformance in Financial Reporting to the State of Tennessee for its June 30, 1979 Annual Financial Report. The report was judged to substantially conform to the high standards for financial reporting as promulgated by that Association and the National Council on Governmental Accounting. The Certificate of Conformance is valid for a period of one year only. I believe our current report continues to meet these standards, and it will be submitted for Certificate of Conformance review. Tennessee is currently the only state to hold a Certificate of Conformance in Financial Reporting.

Future Prospects

Although short-range prospects for the national economy remain uncertain, Tennessee enters the 1980's with a remarkable spirit of commitment to the future. Giving credence to this is the October 30 announcement by the Nissan Motor Co., Ltd., Tokyo to locate their $300 million truck manufacturing plant in Tennessee which highlights a record year of new industrial investment expected to exceed $1.5 billion. This decision illustrates their confidence in the capabilities and skills of our citizens as well as their appreciation of Tennessee's positive business climate and long-standing state government philosophy of fiscal restraint. The state is continuing its progressive and responsible financial management program to provide necessary governmental services for our citizens from the lowest per capita state tax burden of any Southeastern state. Our leadership role in accounting and reporting excellence also continues.

Respectfully submitted,

Lewis R Donelson

Lewis R. Donelson, Commissioner
Department of Finance and Administration

bho

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
STATE CAPITOL
NASHVILLE, TENNESSEE 37219
PHONE (615) 741-2501

William R. Snodgrass
Comptroller

November 14, 1980

To the Members of the General Assembly
of the State of Tennessee
and
Honorable Lamar Alexander, Governor
State of Tennessee

Ladies and Gentlemen:

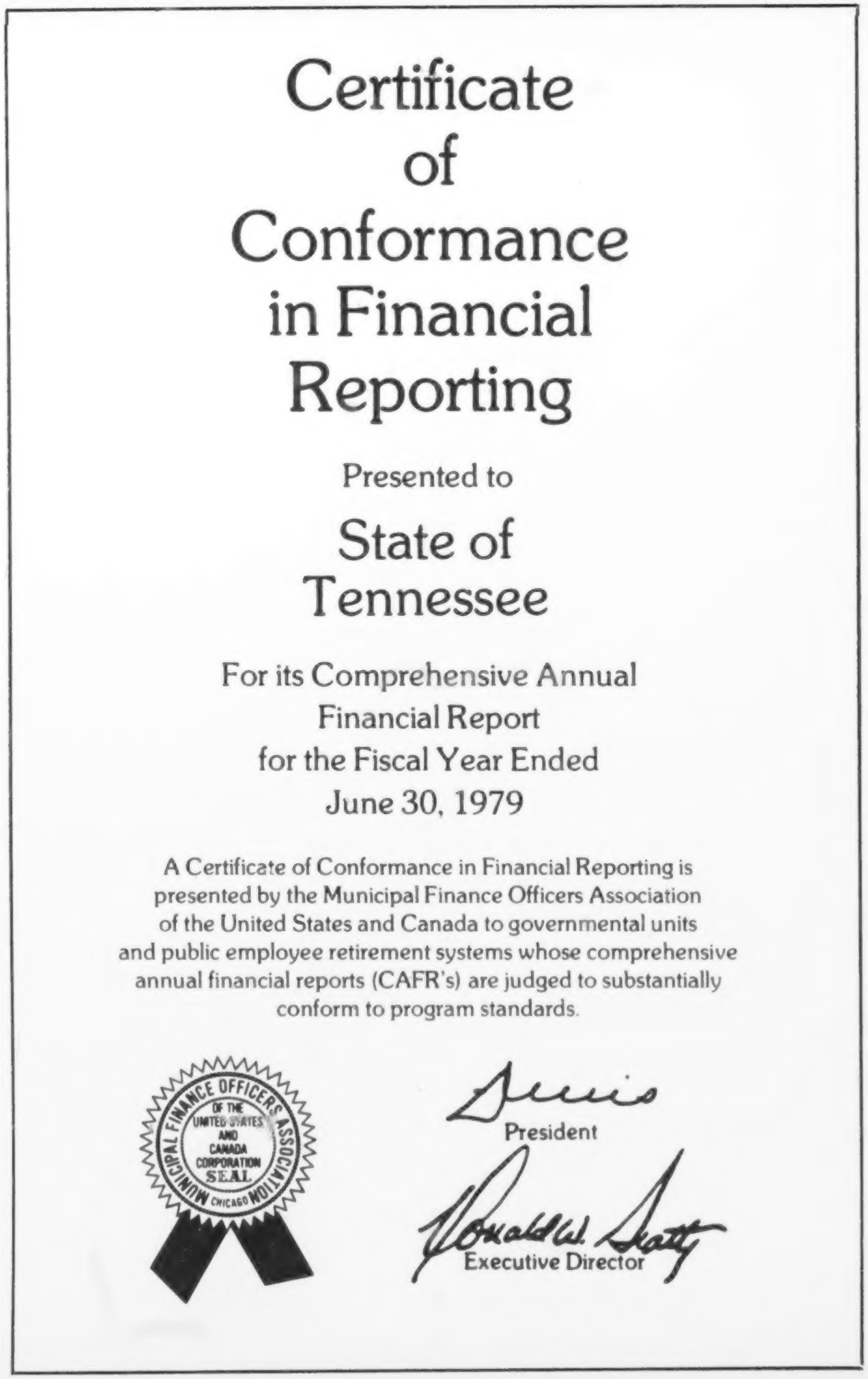
In accordance with Section 4-3-304, Tennessee Code Annotated, transmitted herewith is the accountants' report on the Annual Financial Report of the State of Tennessee for the fiscal year ended June 30, 1980.

Respectfully,

WRSnodgrass
W. R. Snodgrass
Comptroller of the Treasury

WRS/pna

The State of Tennessee was awarded the Certificate of Conformance by the Municipal Finance Officers Association of the United States and Canada for its Annual Financial Report for the year ended June 30, 1979. Tennessee is the only state to currently hold a valid Certificate of Conformance.



Certificate of Conformance in Financial Reporting

Presented to

State of Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1979

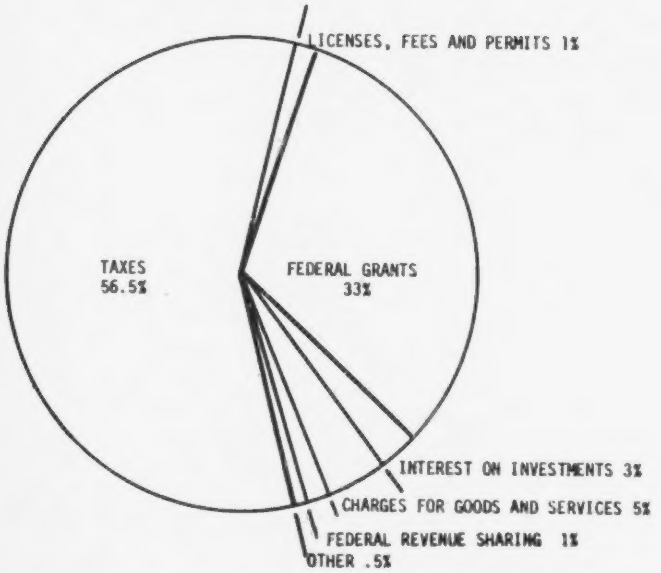
A Certificate of Conformance in Financial Reporting is presented by the Municipal Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.

President

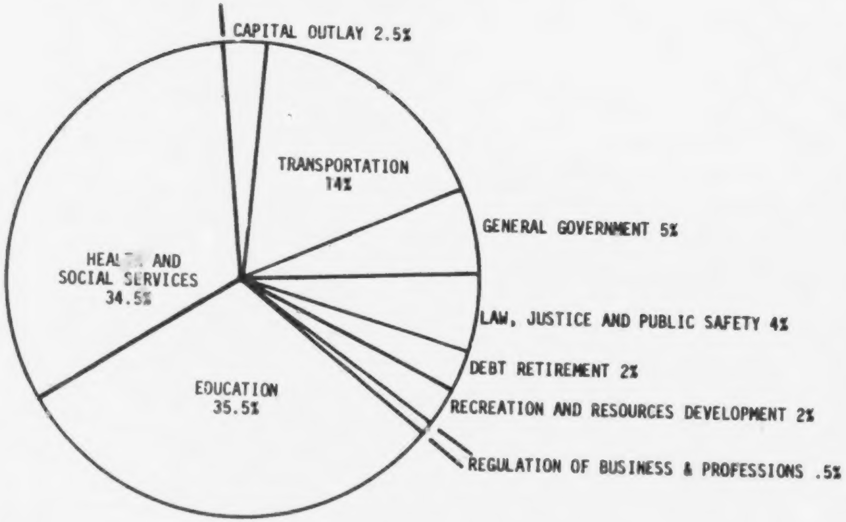
Donald W. Scott
Executive Director

STATE OF TENNESSEE
GRAPHIC PRESENTATION OF REVENUES AND EXPENDITURES
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

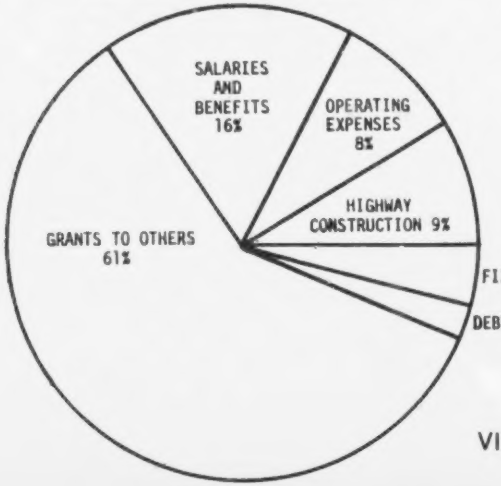
REVENUES BY SOURCE



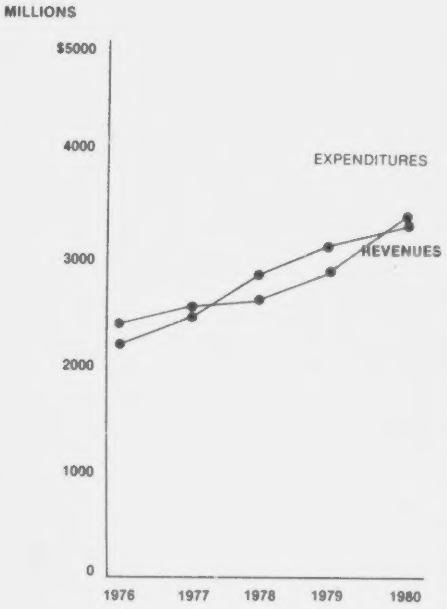
EXPENDITURES BY FUNCTION



EXPENDITURES BY OBJECT

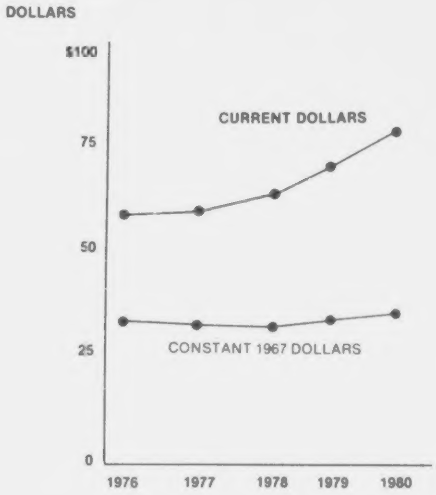


STATE OF TENNESSEE
REVENUES AND EXPENDITURES ALL GOVERNMENTAL FUND TYPES
LAST FIVE YEARS



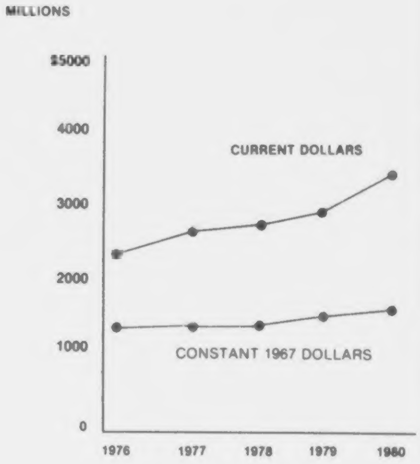
	1976	1977	1978	1979	1980
REVENUES	$2193	$2489	$2764	$3049	$3353
EXPENDITURES	$2413	$2494	$2676	$2989	$3474

STATE OF TENNESSEE
PER CAPITA EXPENDITURES ALL GOVERNMENTAL FUND TYPES
LAST FIVE YEARS



	1976	1977	1978	1979	1980
CURRENT DOLLARS	$57	$58	$61	$68	$78
CONSTANT DOLLARS (1967)	$35	$34	$34	$35	$36
PERCENT INCREASE OVER PRIOR YEAR IN CURRENT DOLLARS	16.3%	1.8%	5.2%	11.5%	14.7%
PERCENT INCREASE (DECREASE) OVER PRIOR YEAR IN CONSTANT DOLLARS	6.1%	(2.9%)	.%	2.9%	2.9%

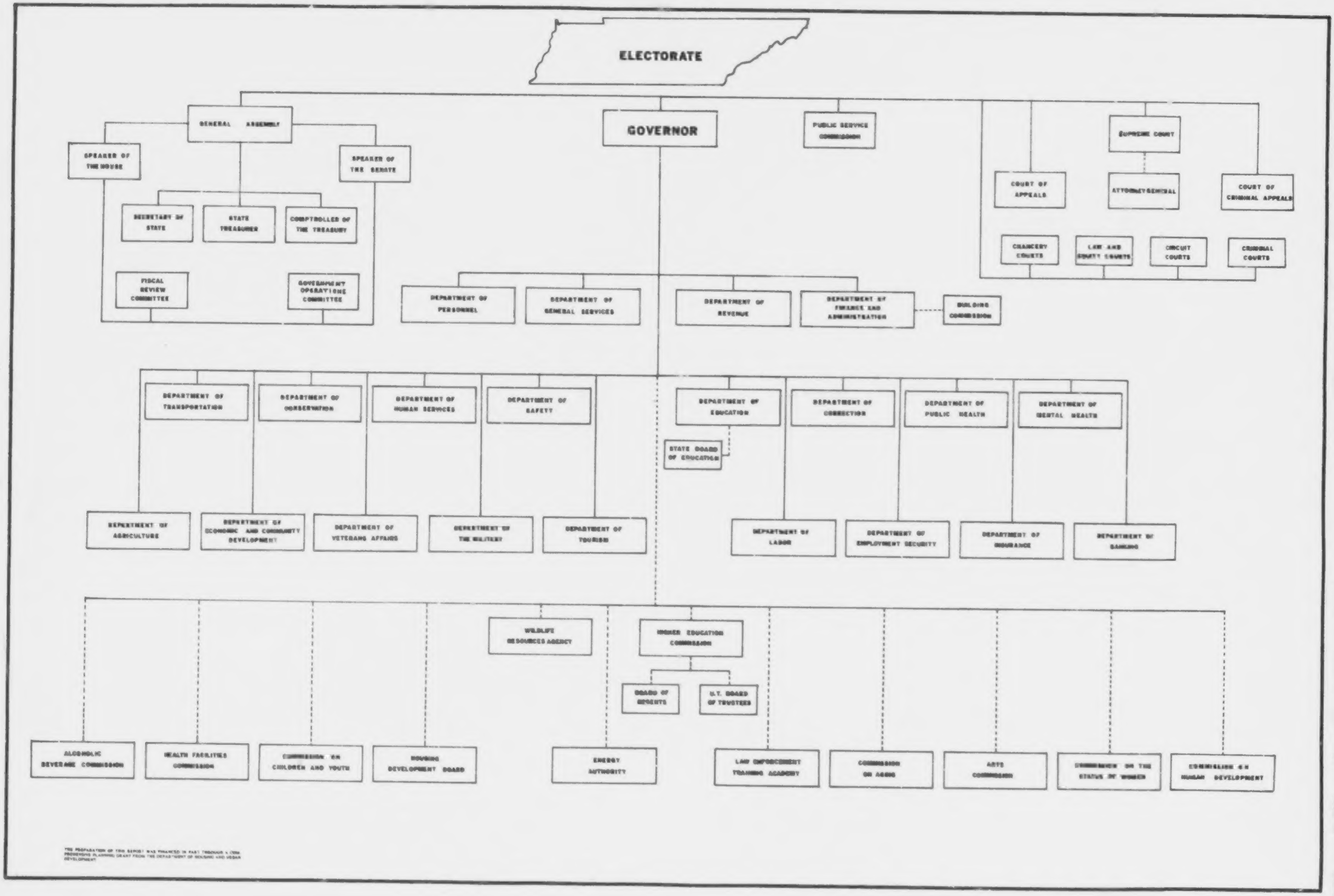
STATE OF TENNESSEE
EXPENDITURES ALL GOVERNMENTAL FUND TYPES
LAST FIVE YEARS



	1976	1977	1978	1979	1980
CURRENT DOLLARS	$2413	$2494	$2676	$2989	$3474
CONSTANT DOLLARS (1967)	$1497	$1463	$1474	$1530	$1598
PERCENT INCREASE OVER PRIOR YEAR IN CURRENT DOLLARS	17.1%	3.4%	7.3%	11.7%	16.2%
PERCENT INCREASE (DECREASE) OVER PRIOR YEAR IN CONSTANT DOLLARS	7.3%	(2.3%)	8%	3.8%	4.4%

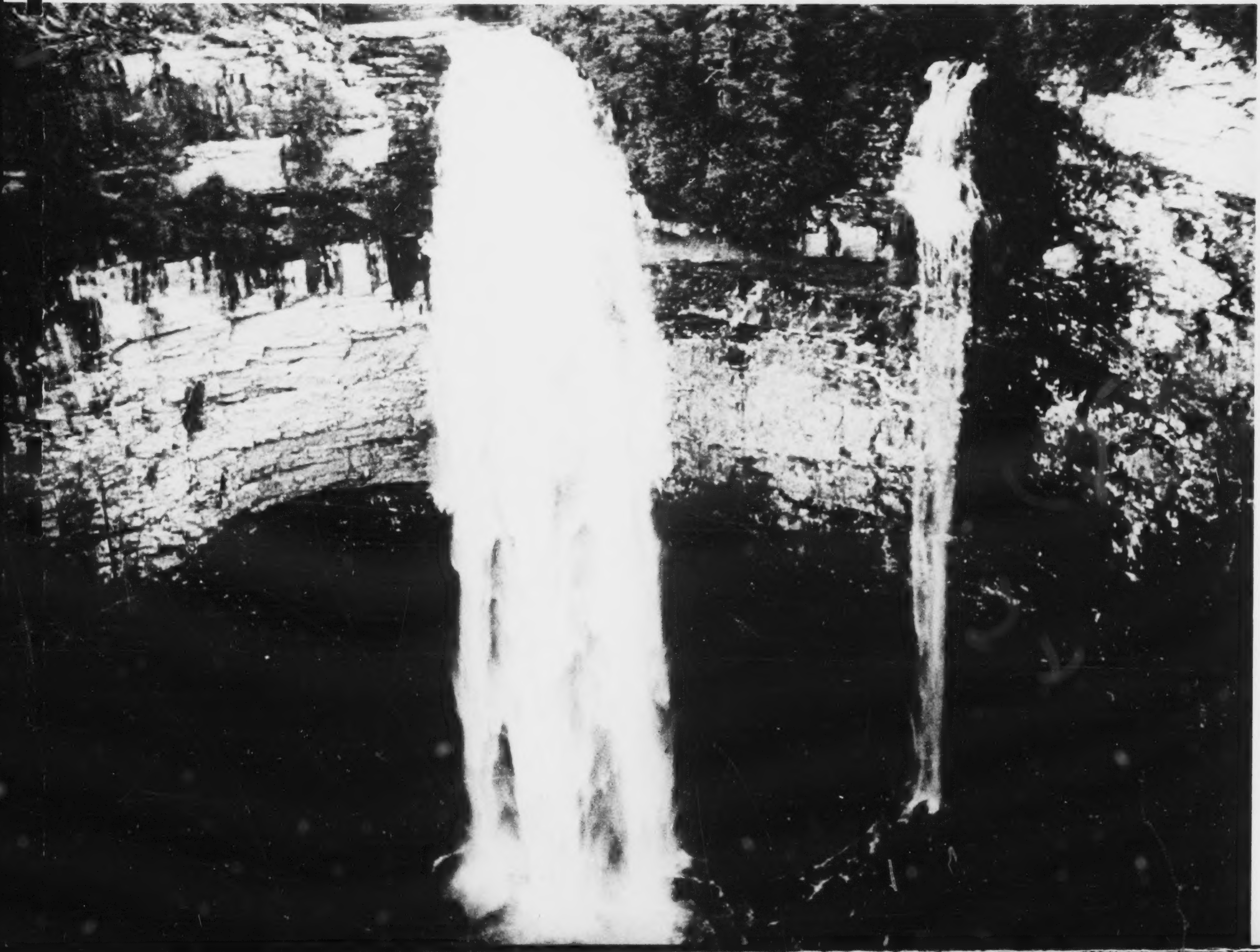
NOTE: EXPENDITURES EXPRESSED IN CONSTANT DOLLARS WERE DERIVED BY USING THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS.

STATE OF TENNESSEE
ORGANIZATION CHART
JUNE 30, 1980


ELECTORATE
GENERAL ASSEMBLY
SPEAKER OF THE HOUSE
SPEAKER OF THE SENATE
SECRETARY OF STATE
STATE TREASURER
COMPTROLLER OF THE TREASURY
FISCAL REVIEW COMMITTEE
GOVERNMENT OPERATIONS COMMITTEE
GOVERNOR
PUBLIC SERVICE COMMISSION
SUPREME COURT
ATTORNEY GENERAL
COURT OF APPEALS
COURT OF CRIMINAL APPEALS
CHANCERY COURTS
LAW AND EQUITY COURTS
CIRCUIT COURTS
CRIMINAL COURTS
DEPARTMENT OF PERSONNEL
DEPARTMENT OF GENERAL SERVICES
DEPARTMENT OF REVENUE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BUILDING COMMISSION
DEPARTMENT OF TRANSPORTATION
DEPARTMENT OF CONSERVATION
DEPARTMENT OF HUMAN SERVICES
DEPARTMENT OF SAFETY
DEPARTMENT OF EDUCATION
STATE BOARD OF EDUCATION
DEPARTMENT OF CORRECTION
DEPARTMENT OF PUBLIC HEALTH
DEPARTMENT OF MENTAL HEALTH
DEPARTMENT OF AGRICULTURE
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
DEPARTMENT OF VETERANS AFFAIRS
DEPARTMENT OF THE MILITARY
DEPARTMENT OF TOURISM
DEPARTMENT OF LABOR
DEPARTMENT OF EMPLOYMENT SECURITY
DEPARTMENT OF INSURANCE
DEPARTMENT OF BANKING
WILDLIFE RESOURCES AGENCY
HIGHER EDUCATION COMMISSION
BOARD OF REGENTS
U.T. BOARD OF TRUSTEES
ALCOHOLIC BEVERAGE COMMISSION
HEALTH FACILITIES COMMISSION
COMMISSION ON CHILDREN AND YOUTH
HOUSING DEVELOPMENT BOARD
ENERGY AUTHORITY
LAW ENFORCEMENT TRAINING ACADEMY
COMMISSION ON AGING
ARTS COMMISSION
COMMISSION ON THE STATUS OF WOMEN
COMMISSION ON HUMAN DEVELOPMENT

THE PREPARATION OF THIS REPORT WAS FINANCED IN PART THROUGH A COMPREHENSIVE PLANNING GRANT FROM THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Fall Creek Falls State Park, near Spencer



FINANCIAL STATEMENTS

The following sections include combined and individual financial statements for the various funds maintained by the State of Tennessee.

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37219
PHONE (615) 741-3697

October 31, 1980

Mr. W. R. Snodgrass
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37219

Dear Mr. Snodgrass:

We have examined the combined financial statements of the State of Tennessee and the combining and individual financial statements of the funds and account groups of the State as of and for the year ended June 30, 1980 as listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Notes 1 and 2 to the financial statements, the State of Tennessee is in the process of establishing appropriate records for the General Fixed Assets Account Group. Because of the lack of detail records to support the amounts recorded as of June 30, 1978, we were unable to satisfy ourselves as to the balances in general fixed assets; however, we were able to satisfy ourselves on the changes in general fixed assets since July 1, 1978.

In our opinion, except for the effect of the matter discussed in the preceding paragraph, the combined financial statements present fairly the financial position of the State of Tennessee at June 30, 1980 and the results of its operations and the changes in financial position of the proprietary and similar trust fund types for the year then ended and the combining and individual financial statements of the funds and account groups present fairly the financial position of the individual funds of the State of Tennessee at June 30, 1980 and the results of their operations and the changes in financial position of the proprietary and similar trust funds for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The statistical and economic data, listed in the foregoing table of contents, were not audited by us and, accordingly, we do not express an opinion thereon.

Respectfully,

Frank L. Greathouse

Frank L. Greathouse, CPA, Director
Division of State Audit

The Fine Arts Center at Cheekwood in Nashville

COMBINED STATEMENTS

Combined Statements provide a summary overview of the financial position of all funds and account groups and of the operating results by fund type. They also serve as an introduction to the more detailed statements and schedules that follow.

STATE OF TENNESSEE
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1980

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		COLLEGE AND UNIVERSITY FUND TYPES			TOTALS (MEMORANDUM ONLY)	
ASSETS	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS (Notes 1, 2)	GENERAL LONG-TERM DEBT (Note 3)	CURRENT	FIDUCIARY	PLANT	JUNE 30, 1980	JUNE 30, 1979
CASH AND CASH EQUIVALENTS	$150,230	$219,872	$17,460	$105,577	$118,573	$ 13,468	$ 280,798			$ 96,401	$ 6,577	$ 22,023	$1,030,979	$1,101,748
CASH ON DEPOSIT WITH FISCAL AGENTS		254,181				1,601						16,937	272,719	274,794
INVESTMENTS					38,589	110,232	1,602,021			84	29,467	4,500	1,784,893	1,497,814
RECEIVABLES (Note 1)	103,362	75,132		4,495	384,648	245	55,669			54,854	36,364	77,741	792,510	636,074
INTERFUND RECEIVABLES (Note 2)	300						9,767			10,852	224	18,561	39,704	30,538
INVENTORIES		5,947			441	4,689				14,123			25,200	22,742
PREPAYMENTS			3			77							80	17
LAND								$ 51,782				45,960	97,742	91,791
STRUCTURES AND IMPROVEMENTS								396,522				771,495	1,168,017	1,110,304
MACHINERY AND EQUIPMENT					842	29,036		179,741				201,677	411,296	424,997
LESS - ACCUMULATED DEPRECIATION					(422)	(16,935)							(17,357)	(15,349)
CONSTRUCTION IN PROGRESS								188,062				22,436	210,498	186,212
AMOUNT AVAILABLE IN DEBT SERVICE FUND									$ 2,821				2,821	2,461
AMOUNT TO BE PROVIDED FOR RETIREMENT OF LONG-TERM DEBT									600,199				600,199	648,269
DEFERRED CHARGES AND OTHER					8,552	2,385				1,355	1,588	434	14,314	11,836
TOTAL ASSETS	$253,892	$555,132	$17,463	$110,072	$551,223	$144,798	$1,948,255	$816,107	$603,020	$177,669	$74,220	$1,181,764	$6,433,615	$6,024,248
LIABILITIES AND FUND EQUITY														
LIABILITIES:														
WARRANTS PAYABLE	$ 51,394	$ 25,072	$ 3	$ 2,542	$ 1,575	$ 544	$ 19,190						$ 100,320	$ 97,029
ACCOUNTS PAYABLE AND ACCRUALS	113,640	57,301	439	8,182	15,029	3,192	131,797			$ 30,241	$ 19	$ 3,053	362,893	251,565
INTERFUND PAYABLES (Note 2)	3,616	688			27	67				34,632	401	270	39,704	30,538
NOTES PAYABLE (Note 3)					46,671	125					32	16,705	63,533	82,940
BONDS PAYABLE (Note 3)					461,510	110,990			$603,020			181,804	1,357,324	1,309,192
CALL PREMIUMS PAYABLE						3,867							3,867	3,867
OTHER	776	4,700		206	132	264	20,823			20,972	1,109		48,982	57,971
TOTAL LIABILITIES	169,426	87,761	442	10,930	524,944	119,049	171,813		603,020	85,845	1,561	201,832	1,976,623	1,833,102
FUND EQUITY:														
CONTRIBUTED CAPITAL					7,068	20,808							27,876	27,199
INVESTMENT IN GENERAL FIXED ASSETS								$816,107				845,037	1,661,144	1,599,575
RETAINED EARNINGS:														
RESERVED FOR BOND RETIREMENT					10,176								10,176	4,888
UNRESERVED					9,035	4,941							13,976	11,839
FUND BALANCES (Note 1):														
RESERVED FOR:														
RELATED ASSETS		5,947								39,742			45,689	38,386
ENCUMBRANCES AND CONTRACTS	8,027	144,742		33,237						6,325			192,331	264,452
CONTINUING APPROPRIATIONS	3,864												3,864	3,315
APPROPRIATION AND OTHER REQUIREMENTS	29,200												29,200	67,088
OTHER SPECIFIC PURPOSES	8,842	309,859	14,200	65,905			1,762,076			27,378	71,119	93,677	2,353,056	2,074,272
UNRESERVED:														
DESIGNATED FOR REVENUE FLUCTUATIONS	31,000												31,000	32,000
DESIGNATED FOR CLAIMS AGAINST THE STATE	3,000												3,000	7,500
DESIGNATED FOR HIGHWAY CONSTRUCTION		6,823											6,823	9,358
DESIGNATED FOR DEBT SERVICE			2,821										2,821	2,461
DESIGNATED FOR TRUST PURPOSES							14,366				1,540		15,906	13,518
DESIGNATED FOR COLLEGES AND UNIVERSITIES										18,379		41,218	59,597	35,098
UNDESIGNATED	533												533	197
TOTAL FUND EQUITY	84,466	467,371	17,021	99,142	26,279	25,749	1,776,442	816,107		91,824	72,659	979,932	4,456,992	4,191,146
TOTAL LIABILITIES AND FUND EQUITY	$253,892	$555,132	$17,463	$110,072	$551,223	$144,798	$1,948,255	$816,107	$603,020	$177,669	$74,220	$1,181,764	$6,433,615	$6,024,248

See accompanying Notes to the
Financial Statements.

STATE OF TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	JUNE 30, 1980	JUNE 30, 1979
REVENUES:							
TAXES	$1,448,579	$350,589	$92,573			$1,891,741	$1,845,166
LICENSES, FEES AND PERMITS	25,099	13,161				38,260	35,602
INTEREST ON INVESTMENTS	72,354	19,658			$ 1,292	93,304	68,759
FEDERAL	865,546	276,408	91	$ 8,701		1,150,746	955,234
DEPARTMENTAL SERVICES	152,195	17,278		1,097		170,570	140,296
CONTRIBUTIONS					44,204	44,204	35,162
OTHER	7,065	2,268		750		10,083	5,246
TOTAL REVENUES	2,570,838	679,362	92,664	10,548	45,496	3,398,908	3,085,465
EXPENDITURES:							
GENERAL GOVERNMENT	170,209	3,908			38,844	212,961	171,695
EDUCATION	1,230,000	510				1,230,510	1,117,499
HEALTH AND SOCIAL SERVICES	959,620	238,316				1,197,936	973,808
LAW, JUSTICE AND PUBLIC SAFETY	145,302	214				145,516	128,982
RECREATION AND RESOURCES DEVELOPMENT	53,386	11,152				64,538	56,941
REGULATION OF BUSINESS AND PROFESSIONS	13,808					13,808	12,722
TRANSPORTATION		479,599				479,599	392,202
DEBT SERVICE			78,104			78,104	80,873
CAPITAL OUTLAY				89,383		89,383	91,620
TOTAL EXPENDITURES	2,572,325	733,699	78,104	89,383	38,844	3,512,355	3,026,342
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,487)	(54,337)	14,560	(78,835)	6,652	(113,447)	59,123
OTHER FINANCING SOURCES (USES):							
OPERATING TRANSFERS IN		1,802		51,397		53,199	69,018
OPERATING TRANSFERS OUT	(59,773)	(30)		(13)		(59,816)	(74,244)
TRANSFER FROM FORMER PLAN ADMINISTRATOR							4,100
TOTAL OTHER FINANCING SOURCES (USES)	(59,773)	1,772		51,384		(6,617)	(1,126)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(61,260)	(52,565)	14,560	(27,451)	6,652	(120,064)	57,997
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE							(31,967)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES, OTHER USES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(61,260)	(52,565)	14,560	(27,451)	6,652	(120,064)	26,030
FUND BALANCES, JULY 1	145,726	519,936	2,461	126,593	12,354	807,070	787,453
EQUITY TRANSFERS OUT							(6,413)
FUND BALANCES, JUNE 30 (Note 2)	$ 84,466	$467,371	$17,021	$ 99,142	$19,006	$ 687,006	$ 807,070

See accompanying Notes to the
Financial Statements.

STATE OF TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND AND BUDGETED SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	GENERAL FUND			BUDGETED SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE - FAVORABLE (UNFAVORABLE)
SOURCES OF FINANCIAL RESOURCES:									
FUND BALANCES (BUDGETARY BASIS), JULY 1	$ 117,662	$ 117,662		$ 18,786	$ 18,786		$ 136,448	$ 136,448	
ADD - ENCUMBRANCE AND CONTRACT RESERVES REAPPROPRIATED	26,634	26,634		255,325	255,325		281,959	281,959	
ADJUSTED FUND BALANCES (BUDGETARY BASIS), JULY 1	144,296	144,296		274,111	274,111		418,407	418,407	
REVENUES:									
TAXES	1,470,768	1,448,579	($ 22,189)	194,593	188,745	($ 5,848)	1,665,361	1,637,324	($ 28,037)
LICENSES, FEES AND PERMITS	24,635	25,099	464	12,422	13,161	739	37,057	38,260	1,203
INTEREST ON INVESTMENTS	68,970	90,867	21,897				68,970	90,867	21,897
FEDERAL	937,795	862,727	(75,068)	232,970	232,916	(54)	1,170,765	1,095,643	(75,122)
DEPARTMENTAL SERVICES	155,692	147,916	(7,776)	14,559	14,990	431	170,251	162,906	(7,345)
OTHER	3,810	7,065	3,255	1,721	2,268	547	5,531	9,333	3,802
OTHER FINANCING SOURCES - OPERATING TRANSFERS IN				1,802	1,802		1,802	1,802	
TOTAL SOURCES OF FINANCIAL RESOURCES	2,805,966	2,726,549	(79,417)	732,178	727,993	(4,185)	3,538,144	3,454,542	(83,602)
USES OF FINANCIAL RESOURCES:									
EXPENDITURES AND ENCUMBRANCES:									
GENERAL GOVERNMENT	194,664	173,163	21,501	3,960	3,927	33	198,624	177,090	21,534
EDUCATION	1,266,891	1,236,606	30,285	510	510		1,267,401	1,237,116	30,285
HEALTH AND SOCIAL SERVICES	1,014,440	951,241	63,199				1,014,440	951,241	63,199
LAW, JUSTICE AND PUBLIC SAFETY	160,751	148,728	12,023	349	215	134	161,100	148,943	12,157
RECREATION AND RESOURCES DEVELOPMENT	61,097	54,332	6,765	11,931	11,421	510	73,028	65,753	7,275
REGULATION OF BUSINESS AND PROFESSIONS	14,919	13,987	932				14,919	13,987	932
TRANSPORTATION				711,957	693,762	18,195	711,957	693,762	18,195
OTHER FINANCING USES - OPERATING TRANSFERS OUT	59,773	59,773		30	30		59,803	59,803	
TOTAL USES OF FINANCIAL RESOURCES	2,772,535	2,637,830	134,705	728,737	709,865	18,872	3,501,272	3,347,695	153,577
FUND BALANCES (BUDGETARY BASIS), JUNE 30 (Note 2)	$ 33,431	$ 88,719	$ 55,288	$ 3,441	$ 18,128	$14,687	$ 36,872	$ 106,847	$ 69,975

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	JUNE 30, 1980	JUNE 30, 1979
OPERATING REVENUES:						
CHARGES FOR SERVICES	$ 3,786	$24,841			$ 28,627	$ 29,290
INVESTMENT INCOME	35,481	5,628	$ 355	$ 124,923	166,387	133,445
INTERGOVERNMENTAL	8,532		1,518		10,050	7,206
CONTRIBUTIONS				308,993	308,993	288,463
OTHER	1	113	22		136	439
TOTAL OPERATING REVENUES	47,800	30,582	1,895	433,916	514,193	458,843
OPERATING EXPENSES:						
PERSONAL SERVICES	2,794	8,014			10,808	9,665
CONTRACTUAL SERVICES	1,341	2,362		10,790	14,493	12,395
MATERIALS AND SUPPLIES	1,409	9,030			10,439	9,841
RENTALS AND INSURANCE	72	2,957			3,029	2,792
GRANTS AND SUBSIDIES	5,958		6,035		11,993	6,605
INTEREST	27,513	6,040			33,553	30,210
DEPRECIATION AND AMORTIZATION	446	4,119			4,565	4,656
BENEFITS				114,730	114,730	104,676
REFUNDS				21,677	21,677	17,613
OTHER	103	299	716		1,118	1,130
TOTAL OPERATING EXPENSES	39,636	32,821	6,751	147,197	226,405	199,583
OPERATING INCOME (LOSS)	8,164	(2,239)	(4,856)	286,719	287,788	259,260
OPERATING TRANSFERS IN	182	1,318	5,087	30	6,617	5,226
NET INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	8,346	(921)	231	286,749	294,405	264,486
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE						3,684
NET INCOME (LOSS)/CHANGE IN RETAINED EARNINGS	8,346	(921)	231	286,749	294,405	268,170
OTHER CHANGES IN FUND EQUITY:						
EQUITY TRANSFERS IN, NET						6,413
NET ASSETS FROM CONVERSION TO ACCRUAL ACCOUNTING						963
CONTRIBUTED EQUIPMENT		677			677	1,482
NET CHANGE IN FUND EQUITY	8,346	(244)	231	286,749	295,082	277,028
FUND EQUITY, JULY 1	17,933	25,993	11,609	1,458,847	1,514,382	1,237,354
FUND EQUITY, JUNE 30	$26,279	$25,749	$11,840	$1,745,596	$1,809,464	$1,514,382

See accompanying Notes to the
Financial Statements.

STATE OF TENNESSEE
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	JUNE 30, 1980	JUNE 30, 1979
SOURCES OF WORKING CAPITAL:						
OPERATIONS:						
NET INCOME (LOSS)	$ 8,346	($ 921)	$ 231	$286,749	$294,405	$268,170
ITEMS NOT REQUIRING WORKING CAPITAL - DEPRECIATION AND AMORTIZATION	446	4,119			4,565	4,656
WORKING CAPITAL PROVIDED BY OPERATIONS	8,792	3,193	231	286,749	298,970	272,826
PROCEEDS FROM SALE OF BONDS	105,805				105,805	74,450
SALE OF LONG-TERM INVESTMENTS						4,443
DISPOSAL OF MACHINERY AND EQUIPMENT	1	459			460	545
INCREASE IN LONG-TERM NOTES PAYABLE						125
EQUITY TRANSFERS IN						6,863
NET ASSETS FROM CONVERSION TO ACCRUAL ACCOUNTING						963
TOTAL SOURCES OF WORKING CAPITAL	114,598	3,657	231	286,749	405,235	360,215
USES OF WORKING CAPITAL:						
PURCHASE OF LONG-TERM INVESTMENTS	15,969	78			16,047	108
INCREASE IN NONCURRENT RECEIVABLES	94,236				94,236	68,377
INCREASE IN DEFERRED CHARGES	1,885				1,885	1,306
ACQUISITION OF MACHINERY AND EQUIPMENT	92	3,698			3,790	3,564
DECREASE IN LONG-TERM DEBT	8,040	125			8,165	5,415
EQUITY TRANSFER OUT						450
TOTAL USES OF WORKING CAPITAL	120,222	3,901			124,123	79,220
NET INCREASE (DECREASE) IN WORKING CAPITAL	($ 5,624)	($ 244)	$ 231	$286,749	$281,112	$280,995
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:						
CASH AND CASH EQUIVALENTS	($ 23,734)	($1,285)	$1,521	$ 26,282	$ 2,784	$ 42,185
CASH ON DEPOSIT WITH FISCAL AGENT		1,201			1,201	282
INVESTMENTS				262,692	262,692	250,380
RECEIVABLES	(8,084)	(488)	(1,116)	2,152	(7,536)	12,800
INTERFUND RECEIVABLES				(59)	(59)	2,235
INVENTORIES	(97)	528			431	193
PREPAID EXPENSES		64			64	13
WARRANTS PAYABLE	1,401	902	(158)	(3,713)	(1,568)	6,266
ACCOUNTS PAYABLE AND ACCRUALS	(5,787)	(1,748)	(15)	(605)	(8,155)	(7,017)
INTERFUND PAYABLES	(4)	(4)	(1)		(9)	(30)
NOTES PAYABLE	33,438	620			34,058	(24,067)
CURRENT PORTION OF LONG-TERM DEBT	(2,625)				(2,625)	(2,015)
DEFERRED REVENUE	(132)	(34)			(166)	(230)
NET INCREASE (DECREASE) IN WORKING CAPITAL	($ 5,624)	($ 244)	$ 231	$286,749	$281,112	$280,995

See accompanying Notes to the
Financial Statements.

STATE OF TENNESSEE
COMBINED STATEMENT OF CHANGES IN FUND BALANCES
ALL COLLEGE AND UNIVERSITY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	CURRENT FUNDS		FIDUCIARY FUNDS		PLANT FUNDS	
	JUNE 30, 1980	JUNE 30, 1979	JUNE 30, 1980	JUNE 30, 1979	JUNE 30, 1980	JUNE 30, 1979
REVENUES AND OTHER ADDITIONS:						
UNRESTRICTED CURRENT FUND REVENUES:						
GENERAL	$402,594	$357,396				
AUXILIARY ENTERPRISE AND HOSPITAL	131,627	117,737				
RESTRICTED GIFTS, GRANTS AND CONTRACTS	137,406	120,072	$ 5,309	$ 4,051	$ 13,606	$ 3,280
INVESTMENT AND INTEREST INCOME			2,335	1,308	3,791	2,992
GOVERNMENTAL GRANTS AND CONTRACTS			2,690	2,251	622	3,481
STUDENT DEBT SERVICE FEES					4,265	4,055
GOVERNMENTAL APPROPRIATIONS					31,948	38,926
EXPENDED FOR PLANT FACILITIES					69,634	61,113
RETIREMENT OF INDEBTEDNESS					4,246	4,191
OTHER ADDITIONS	1,408	681	109	60	14,354	8,080
TOTAL REVENUES AND OTHER ADDITIONS	673,035	595,886	10,443	7,670	142,466	126,118
EXPENDITURES AND OTHER DEDUCTIONS:						
EDUCATIONAL AND GENERAL EXPENDITURES	514,291	459,806				
AUXILIARY ENTERPRISE AND HOSPITAL EXPENDITURES	115,958	102,156				
INDIRECT COSTS RECOVERED	9,476	8,814				
REFUNDS TO GRANTORS	1,999	1,434	358	6		
ADMINISTRATIVE COSTS			188	180		
LOAN CANCELLATIONS			717	579		
PAYMENTS TO BENEFICIARIES			744	569		
EXPENDED FOR PLANT FACILITIES					47,542	39,590
RETIREMENT OF INDEBTEDNESS					4,069	4,014
INTEREST PAYMENTS					10,603	10,761
DISPOSAL OF PLANT FACILITIES					10,533	14,420
NOTES ISSUED					15,004	
OTHER DEDUCTIONS	1,463	724	972	358	10,467	1,779
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	643,187	572,934	2,979	1,692	98,218	70,564
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS)	(24,035)	(14,863)	233	217	23,802	14,646
NET INCREASE IN FUND BALANCES	5,813	8,089	7,697	6,195	68,050	70,200
FUND BALANCES, JULY 1	86,011	77,922	64,962	58,767	911,882	841,682
FUND BALANCES, JUNE 30	$ 91,824	$ 86,011	$72,659	$64,962	$979,932	$911,882

See accompanying Notes to the
Financial Statements.

STATE OF TENNESSEE
COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL COLLEGE AND UNIVERSITY CURRENT FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	TOTALS FOR THE YEAR ENDED	
	JUNE 30, 1980	JUNE 30, 1979
REVENUES:		
TUITION AND FEES	$ 76,529	$ 69,145
FEDERAL APPROPRIATIONS, GRANTS AND CONTRACTS	82,399	67,672
STATE APPROPRIATIONS, GRANTS AND CONTRACTS (Note 1)	318,073	285,480
PRIVATE GIFTS, GRANTS AND CONTRACTS	13,956	13,112
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	14,210	11,867
SALES AND SERVICES OF AUXILIARY ENTERPRISES AND HOSPITALS	133,515	117,958
OTHER SOURCES	22,536	18,254
TOTAL CURRENT REVENUES	661,218	583,488
EXPENDITURES:		
INSTRUCTION	233,401	207,389
RESEARCH	48,997	41,346
PUBLIC SERVICE	39,023	34,692
ACADEMIC SUPPORT	49,660	44,070
STUDENT SERVICES	33,462	31,034
INSTITUTIONAL SUPPORT	49,897	47,123
OPERATION AND MAINTENANCE OF PLANT	48,037	43,620
SCHOLARSHIPS AND FELLOWSHIPS	11,746	10,384
AUXILIARY ENTERPRISES AND HOSPITALS	115,958	102,156
OTHER	68	148
TOTAL CURRENT EXPENDITURES	630,249	561,962
EXCESS OF REVENUES OVER EXPENDITURES	30,969	21,526
OTHER FINANCING SOURCES (USES):		
TRANSFERS TO PLANT FUNDS	(23,802)	(14,646)
TRANSFERS TO FIDUCIARY FUNDS	(233)	(217)
MISCELLANEOUS	(1,121)	1,426
TOTAL OTHER FINANCING SOURCES (USES)	(25,156)	(13,437)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	5,813	8,089
FUND BALANCES, JULY 1	86,011	77,922
FUND BALANCES, JUNE 30	$ 91,824	$ 86,011

See accompanying Notes to the
Financial Statements.

Far Hills, the official residence of the Governor of the State of Tennessee

NOTES TO THE STATEMENTS

The notes to the financial statements contain a summary of significant accounting policies and other notes considered necessary for a clearer understanding of the financial statements.

STATE OF TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1980

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by (1) Governmental Accounting, Auditing and Financial Reporting (GAAFR, 1968) by the National Committee on Governmental Accounting, (2) Audits of State and Local Governmental Units (ASLGU, 1974) by the American Institute of Certified Public Accountants and (3) Statement 1, Governmental Accounting and Financial Reporting Principles (GAFR, 1979) by the National Council on Governmental Accounting. The financial statements for the College and University Funds have been prepared in conformity with generally accepted accounting principles as prescribed by (1) the National Association of College and University Business Officers in College and University Business Administration (1974) and (2) the American Institute of Certified Public Accountants in Audits of Colleges and Universities (1973). The accompanying statements include all funds, account groups, boards, commissions, agencies, authorities, colleges and universities that are controlled by the state. Certain amounts presented for the preceding year have been reclassified for comparative purposes.

B. Fund Structure and Basis of Accounting - The accompanying financial statements are structured into four categories of funds and a fifth type of accounting entity, account groups. The fund categories include governmental funds, proprietary funds, fiduciary funds and college and university funds. Account groups are presented for general fixed assets and general long-term debt.

The state's governmental funds include:

1. the General Fund - used to account for all financial transactions not accounted for in another fund;
2. the Special Revenue Funds - used to account for specific revenues earmarked to finance particular programs and activities;
3. the Debt Service Fund - used to account for the payment of principal and interest on general long-term debt; and
4. the Capital Projects Fund - used to account for the acquisition or construction of all major governmental general fixed assets.

All of the governmental funds are accounted for on the modified accrual basis of accounting. In applying the modified accrual basis, revenues are recorded as received and expenditures are recorded at the time liabilities are incurred, except:

a. Federal revenues (grants and revenue sharing) are recorded as earned;
b. Interest on the State Treasurer's investments is recorded as earned;
c. Inventories generally are considered expenditures at acquisition;
d. Prepayments usually are not recorded; and
e. Interest on long-term debt is recorded when due.

Encumbrance accounting is utilized for budgetary control purposes. Encumbrances outstanding at year end are reported as reservations of fund balance for subsequent year expenditure.

The proprietary funds include:

1. the Enterprise Funds - used to account for the operations of self-sustaining state agencies rendering service to the general public on a user charge basis; and
2. the Internal Service Funds - used to account for the operations of self-sustaining state agencies rendering services to other state agencies on a cost reimbursement basis.

The proprietary funds are accounted for on the accrual basis of accounting.

The fiduciary funds include the Trust and Agency Funds which are used to account for assets held by the state as trustee or agent. Nonexpendable and Pension Trust Funds are accounted for on the accrual basis of accounting. Expendable Trust and Agency Funds are accounted for on the modified accrual basis of accounting.

The college and university funds include:

1. Current Funds - used to account for unrestricted funds over which the governing boards retain full control in achieving the institutions' purposes and restricted funds which may be utilized only in accordance with externally-restricted purposes;
2. Fiduciary Funds - used to account for assets held by loan, endowment, life income and agency funds in which the universities act in a fiduciary capacity; and
3. Plant Funds - used to account for institutional property acquisition, renewal, replacement, debt service and investment.

The college and university funds are accounted for on the accrual basis of accounting.

C. Budget - The state's annual budget is prepared principally on the cash basis and represents departmental appropriations as authorized by the Appropriation Act of 1979 and any authorized revisions during the year to reflect changes in programs and activities. Since the budget basis differs from generally accepted accounting principles (GAAP), actual amounts in the accompanying budgetary comparison statement are presented on the budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented in Note 2. The budgetary comparison statement includes the General Fund, the Highway Fund and five other minor Special Revenue Funds. Each of the agencies classified as Other Special Revenue Funds has individually complied with authorized appropriations and revisions.

The state's annual budget does not include the Employment Security Special Revenue Fund. This fund is financed entirely by the Federal government. As a result, the program level is prescribed by the funding source. During the year the Employment Security program adhered to fiscal constraints and spending limitations imposed by the Federal government.

D. Cash and Cash Equivalents - In addition to bank accounts and petty cash, this classification includes all short-term investments such as certificates of deposit, repurchase agreements and U.S. Treasury bills. These investments are stated at cost which at June 30, 1980 approximated market.

E. Investments - This classification includes long-term investments, principally the Pension Trust Fund portfolio, stated at cost or amortized cost which at June 30, 1980 approximated market.

F. Receivables - Receivables in the state's governmental and fiduciary funds primarily consist of interest and federal revenue, both recorded when earned. Since few governmental fund revenues are susceptible to accrual prior to receipt, most taxes, licenses, fees, permits and similar revenues are recognized on the cash basis. Certain Special Revenue Fund receivables of $14 million, representing erroneous benefit payments, have been reduced by a $10 million allowance for uncollectibles. Receivables in all other funds have arisen in the ordinary course of business. College and University Current Fund receivables of $65 million have been reduced by a $10 million uncollectible allowance.

G. Interfund Transactions - The state basically has three types of interfund transactions, as follows:

1. Services rendered and employee benefit contributions. These transactions are accounted for as revenues, expenditures or expenses in the funds involved.
2. Operating appropriations/subsidies. These are accounted for as operating transfers in the funds involved with the exception of the annual appropriations to the colleges and universities ($290.8 million and $261.9 million in 1980 and 1979, respectively) which are accounted for as revenues and expenditures in the funds involved.
3. Equity contributions. These are accounted for as equity transfers (additions to or deductions from beginning governmental fund balances or proprietary fund contributed capital).

The composition of the state's interfund receivables and payables at June 30, 1980 is presented in Note 2.

H. Inventories - Inventories of materials and supplies are determined by physical count and are valued at the lower of cost (principally average cost) or market.

I. Fixed Assets and Depreciation - Governmental general fixed assets acquired or constructed during the year ended June 30, 1980 are stated at cost in the General Fixed Assets Account Group. Interest during construction is not capitalized. Also, certain public domain fixed assets (including highways, bridges, highway lands and rights-of-way) are not capitalized. No depreciation is provided on general fixed assets. Fixed assets in the Enterprise and Internal Service Funds, consisting of machinery and equipment, are stated at cost and are depreciated on a straight-line basis over estimated useful lives ranging from 5 to 10 years. Fixed assets in the College and University Funds are also stated at cost and are not depreciated.

Historical cost records for governmental general fixed assets acquired or constructed prior to fiscal year 1979 are incomplete or not available. Accordingly, the best estimates of historical costs have been used. It is probable that all state-owned land is not recorded. Although the omissions are not deemed to be material, a detailed inventory of land has begun. Also, the state is continuing the development of appropriate accounting records for all general fixed assets.

A statement of changes in general fixed assets for the year ended June 30, 1980 is presented in Note 2.

J. Fund Balance Reserves and Designations - The state's fund balance reserves represent those portions of fund balance (1) not appropriable for expenditure or (2) legally segregated for a specific future use. In the accompanying Combined Balance Sheet, reserves for related assets such as inventories, petty cash and receivables are examples of the former. Reserves for encumbrances, contracts, continuing appropriations, future appropriations and other specific purposes are examples of the latter.

A descriptive summary of the major reserves by fund type at June 30, 1980 follows (expressed in thousands).

Reserved For	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	College and University Current	College and University Fiduciary	College and University Plant
Appropriation and Other Requirements/ Other Specific Purposes:								
Capital Outlay and Bond Cancellation	$13,100		$14,200	$65,905				$93,677
Highways, City Streets and County Roads	16,100	$ 54,208						
Unemployment Benefits		250,317						
Pension Benefits					$1,745,596			
Restricted Gifts, Grants and Contracts						$25,559	$71,119	
Other		5,334			16,480	1,819		
Totals	$29,200	$309,859	$14,200	$65,905	$1,762,076	$27,378	$71,119	$93,677

The state's fund balance designations reflect tentative plans for future use of financial resources. The General Fund designation for revenue fluctuations has been established as protection in the event of future revenue shortfalls or expenditure overruns. The designation for claims against the state is for general contingencies.

NOTE 2 - OTHER ACCOUNTING DISCLOSURES

A. Budgetary Basis vs. GAAP - The accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund and Budgeted Special Revenue Fund Types presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since the budgetary and GAAP presentations of actual data differ, a reconciliation of the two is presented below (expressed in thousands).

	General Fund	Budgeted Special Revenue Funds
Fund Balances (Budgetary Basis), June 30, 1980	$88,719	$ 18,128
Add (Deduct):		
Accrued revenues	43,589	16,421
Accrued expenditures	(55,537)	(23,178)
Reserve for encumbrances and contracts	8,027	144,742
Other fund balance reserves	(332)	60,941
Fund balance of the Employment Security Fund, for which an annual budget is not legally adopted		250,317
Fund Balances (GAAP Basis), June 30, 1980	$84,466	$467,371

There were no expenditures in excess of appropriations in the state's individual governmental funds for the year.

B. Fund Equity Restatements - During fiscal year 1980 additional information became available regarding certain assets (principally general fixed assets acquired prior to July 1, 1978) which required the restatement of previously published fund equity amounts. A summary of these restatements is shown below (expressed in thousands).

	Trust and Agency Funds	General Fixed Assets Account Group	All Fund Types and Account Groups Totals (Memorandum Only)
Fund Equity as previously reported, June 30, 1979	$1,483,715	$872,714	$4,257,926
Restatement of federal government advance to Tennessee Student Assistance Corporation as a liability	(905)		(905)
Restatement of General Fixed Assets to correct errors in compilation of historical costs		(65,875)	(65,875)
Fund Equity as restated, June 30, 1979	$1,482,810	$806,839	$4,191,146

C. General Fixed Assets - A statement of changes in general fixed assets for the year ended June 30, 1980 is shown below (expressed in thousands). General fixed assets as of July 1, 1979 have been restated to correct errors found in the data used in previous years to compile estimated costs.

	Land	Structures and Improvements	Machinery and Equipment	Construction in Progress	Totals
Balance, July 1, 1979, as Restated	$46,982	$373,341	$209,694	$176,822	$806,839
Additions	4,949	28,000	28,535	45,035	106,519
Deductions	(149)	(4,819)	(58,488)	(33,795)	(97,251)
Balance, June 30, 1980	$51,782	$396,522	$179,741	$188,062	$816,107
Investment in General Fixed Assets:					
Prior to July 1, 1978	$42,963	$342,360	$134,480	$ 99,733	$619,536
Subsequent to June 30, 1978	8,819	54,162	45,261	88,329	196,571
Balance, June 30, 1980	$51,782	$396,522	$179,741	$188,062	$816,107

In June 1980 the state increased to $300 per unit the minimum cost for capitalization of machinery and equipment. As a result of this policy change, some $37 million of previously capitalized assets no longer meet this criterion and have been deleted from general fixed assets. They are included in the $58.5 million of machinery and equipment deductions shown above.

D. Pension Trust Fund Reserves - A summary of changes in the Pension Trust Fund reserves for the year ended June 30, 1980 follows (expressed in thousands).

	Reserved For		
	Member Contributions	Employer Contributions	Totals
Operating Revenues	$ 87,071	$ 346,845	$ 433,916
Operating Expenses	20,963	126,234	147,197
Operating Income	66,108	220,611	286,719
Operating Transfer In		30	30
Net Income	66,108	220,641	286,749
Fund Balance, July 1	450,625	1,008,222	1,458,847
Fund Balance, June 30 (Note 1J)	$516,733	$1,228,863	$1,745,596

E. Segment Information - Segment financial information for the state's Enterprise Funds for the year ended June 30, 1980 is presented below (expressed in thousands).

	Housing Development Agency	Industrial Development Authority	Industries for the Blind	Sewage Treatment Facilities	Other	Totals
Total Operating Revenues	$ 39,725	$ 306	$1,409	$ 5,019	$1,341	$ 47,800
Net Income (Loss)	$ 8,624	$ 81	($ 660)	$ 257	$ 44	$ 8,346
Total Assets, June 30, 1980	$446,593	$4,028	$1,259	$97,859	$1,484	$551,223
Notes and Bonds Payable, June 30, 1980	$415,851	$ -	$ -	$92,330	$ -	$508,181
Fund Equity, June 30, 1980	$ 17,904	$4,024	$1,093	$ 1,891	$1,367	$ 26,279

Although certain enterprise funds sustained net losses for the year and have retained earnings deficits, all individual enterprise funds have positive fund equity balances at June 30, 1980.

F. Interfund Accounts - A summary of interfund receivables and payables at June 30, 1980 is shown below (expressed in thousands).

	RECEIVABLES							
		Fiduciary Fund Types			College and University Fund Types			
Payables	General Fund	Employee Group Insurance	Pension Trust	Contingent Revenue	Current	Fiduciary	Plant	Totals
General			$1,915	$1,701				$ 3,616
Special Revenue			361	327				688
Enterprise			14	13				27
Internal Services			34	33				67
Trust and Agency			1	2				3
College and University:								
Current	$300	$1,405	1,841	2,120	$10,481	$224	$18,561	34,632
Fiduciary					101			401
Plant					270			270
Totals	$300	$1,405	$4,166	$4,196	$10,852	$224	$18,561	$39,704

NOTE 3 - NOTES AND BONDS PAYABLE

Notes and bonds payable at June 30, 1980 are shown below.

	Amount (in Thousands)	
	Notes	Bonds
Enterprise Funds:		
General obligation bond anticipation notes, 5.125%, due August 1980	$44,000	
General obligation bonds, 4.875% to 5%, due in generally decreasing amounts of principal and interest from $3.8 million in 1981 to $.7 million in 2006.		$ 48,330
Construction loan program notes, to 4.625%, due December 1981	2,671	
Mortgage finance program revenue bonds, various Series, 4% to 8.375%, due in generally decreasing amounts of principal and interest ranging from a maximum of $37.1 million in 1984 to $1.0 million in 2018		413,180
	46,671	461,510
Internal Service Funds:		
Installment notes, due in 1981	125	
Tennessee State School Bond Authority 1972 and 1977 refunding revenue bonds, 4.6% to 6.6%, crossover dates of May 1982 and May 1986, respectively, principal and interest due thereafter in generally decreasing amounts ranging from a maximum of $9.2 million in 1987 to $1.0 million in 2011		110,990
	125	110,990
General Long-Term Debt:		
General obligation bonds, .1% to 6%, due in decreasing amounts of principal and interest from $77.4 million in 1981 to $5.0 million in 1997		603,020
College and University Funds:		
Endowment Fund notes, due within one year	32	
Tennessee State School Bond Authority notes, 5.5%, due June 1981 and other various capital outlay notes, to 7%, principally due by 1983	16,705	
Tennessee State School Bond Authority revenue bonds, various Series, 4.1% to 7%, due in decreasing amounts of principal and interest from $13.0 million in 1981 to $1.2 million in 2011		162,811
Non-Authority revenue bonds, 2.25% to 5%, due in generally decreasing amounts of principal and interest from $1.4 million in 1981 to $51 thousand in 2009		18,993
	16,737	181,804
Total Notes and Bonds Payable	$63,533	$1,357,324

The full faith and credit of the state, together with certain tax revenues, are pledged to secure all general obligation notes and bonds listed above. Although the Enterprise Fund general obligation debt is being retired from resources of that fund (Sewage Treatment Facilities Fund), the state remains contingently liable for its payment. The revenue bonds listed above are not obligations of the state. They are secured by pledge of resources from the facilities to which they relate and by certain other revenues, fees and assets of the Tennessee Housing Development Agency (THDA), the Tennessee State School Bond Authority (TSSBA) and the various colleges and universities.

Debt service requirements to maturity for all general obligation and revenue bonds payable at June 30, 1980 are as follows (expressed in thousands):

For the Year(s) Ended June 30	General Obligation Bonds		Revenue Bonds		Total Requirements
	Principal	Interest	Principal	Interest	
1981	$ 50,590	$ 30,556	$ 10,771	$ 37,177	$ 129,094
1982	50,665	28,216	71,599*	36,689	187,169*
1983	50,205	25,880	14,598	35,401	126,084
1984	47,290	23,558	16,517	34,602	121,967
1985	44,860	21,349	17,430	33,720	117,359
1986-2018	407,740	112,178	575,059*	445,484	1,540,461*
	$651,350	$241,737	$705,974	$623,073	$2,222,134

*Includes $58,340 (1982) and $51,115 (1986) representing outstanding TSSBA bonds to be refunded, described below.

A summary of changes in general long-term debt for the year ended June 30, 1980 follows (expressed in thousands).

	Balance, July 1, 1979	General Obligation Bonds Issued	General Obligation Bonds Retired	Net Increase in Funds Available for Debt Service	Balance, June 30, 1980
Amount available in Debt Service Fund	$ 2,461			$360	$ 2,821
Amount to be Provided for Retirement of Long-Term Debt	648,269	$ -	($47,710)	(360)	600,199
Total Available and to be Provided/General Obligation Debt Payable	$650,730	$ -	($47,710)	$ -	$603,020

The only bond sale during the year ended June 30, 1980 was an $86.83 million THDA revenue bond issue in February 1980. In July 1980, THDA revenue bonds amounting to $63.17 million were sold. In August 1980, $71.4 million of general obligation bonds and $49.49 million of one-year general obligation bond anticipation notes were issued, of which $18.44 million and $23.36 million, respectively, were used to retire notes then due.

In 1972 and 1977 the TSSBA entered into crossover advance refunding transactions whereby revenue bonds of $58.005 million and $52.985 million were issued to facilitate retirement of 1970 and 1976 TSSBA bonds of $58.34 million and $51.115 million in crossover years 1982 and 1986, all respectively. Proceeds from the two refunding issues were placed in trust with the State Treasurer and invested in qualifying securities which, together with interest earned thereon, will provide amounts sufficient for future payment of all interest, principal and call premiums on the 1970 and 1976 refunded bonds. In the accompanying financial statements the refunding bonds and related investments are reported in the TSSBA Internal Service Fund; the bonds to be refunded are included in the College and University Funds debt.

A summary of general obligation bonds authorized and unissued at June 30, 1980 is shown below (expressed in thousands). It is anticipated that a substantial amount of these bonds will not be issued but will be cancelled out of available fund balances.

Purpose	Unissued July 1, 1979	Authorized	Cancelled	Unissued June 30, 1980
Sewage Treatment	$139,025			$139,025
Waterworks	48,985			48,985
Solid Waste Recovery	99,295			99,295
Highway	112,100			112,100
Education	60,800			60,800
Correction	15,500			15,500
Expo '82	10,000			10,000
Other	8,200			8,200
Totals	$493,905	$ -	$ -	$493,905

NOTE 4 - PENSION PLANS

A. Tennessee Consolidated Retirement System - The Tennessee Consolidated Retirement System (TCRS) is a defined benefit, contributory retirement plan covering general employees and teachers of the state as well as employees of political subdivisions who have elected coverage. Benefits are determined by a formula using the high five-year average salary and years of service of each employee. Contributions to the system are determined on an actuarial reserve basis and provide funding for both normal and accrued liability costs. The entry age normal method, a projected benefit cost method, is used to value the plan, with contributions being made as a level dollar amount.

It is the policy of the state to fund pension costs accrued. For the year ended June 30, 1980 the state contributed $189.7 million to the plan and state employees contributed $68.5 million. These contributions included funding for a cost-of-living provision and amortization of the accrued liability on an actuarial basis over a 40-year period.

An experience study of the system is conducted every four years, the most recent being as of June 30, 1976. As a result of this study, the interest rate assumption was changed from 5-3/8% to 6%, and the salary increase assumption was changed from a graduated scale to a 4-1/2% annual increase. Also, an assumption was added for a 4% annual increase in the Social Security Wage Base. Other assumptions remained unchanged.

An actuarial valuation is made every two years, the most recent having been completed as of June 30, 1979. For valuation purposes the assets of the system were valued on the basis of a five-year moving market average rather than at book value as in the past. This change resulted in a $68 million decrease (4.7%) in net assets. At June 30, 1979, the actuarially computed present value of vested benefits exceeded the net assets of the pension fund by $1.14 billion. This calculation includes the amount attributable to the cost-of-living provision and to the liability associated with a closed group of University of Tennessee faculty who participate in the Teachers Insurance and Annuity Association retirement plan (TIAA-CREF), described in B. below. The unamortized accrued liability of the retirement system, based on the present value of benefits for past and future service, was estimated to be $2.09 billion at June 30, 1979. Of this amount, $230 million is attributable to political subdivisions for which the state assumes no liability.

B. Other than TCRS - Eligible faculty of the various state universities and community colleges may elect to become members of either TIAA-CREF, a privately-administered retirement plan, or the TCRS. The state assumes no liability for this group of TIAA-CREF members other than payment of matching contributions. During the year ended June 30, 1980 these members and the state each contributed $5.4 million to the TIAA-CREF plan.

A second, now-closed group of University of Tennessee faculty also participates in TIAA-CREF with certain supplemental benefits guaranteed by the state. Prior to fiscal year 1978 these guaranteed benefits were funded by the university on a pay-as-you-go basis; they since have been assumed by the TCRS and are included in the actuarial calculations disclosed in A. above.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

A. Annual and Sick Leave - It is the state's policy to record the cost of annual and sick leave when paid. State employees earn annual leave ranging from 1 to 2 days per month with maximum accumulations ranging from 30 to 42 days. At June 30, 1980 the estimated liability for accrued annual leave was $55 million. Since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee is absent due to illness, injury or related family death, there was no liability for sick leave at June 30, 1980. The estimated accumulated amount of unused sick leave at that date was $150 million.

B. Leases - The state has entered into various operating leases for land, buildings and equipment. All leases contain termination clauses providing for cancellation after 30, 60 or 90 days' written notice to lessors. In addition, all leases contain appropriation clauses indicating that continuation of the lease is subject to funding by the legislature. It is expected that in the normal course of business most of these leases will be replaced by similar leases. Expenditures for rent under leases for the years ended June 30, 1980 and 1979 amounted to $16.2 million and $15.7 million, respectively.

C. Litigation - Under the doctrine of sovereign immunity, the state historically has been immune from suit. Recent legislation, however, has given the courts jurisdiction to hear certain litigation involving the state. As a result, various lawsuits are pending, the most significant of which involves allegedly inadequate prison facilities in the state's correctional system. Although potential long-term construction costs ranging to $50 million could result from an adverse decision in this case, it is the Attorney General's opinion that less costly remedies will be recommended by the court. Further, in the opinions of the Attorney General and General Counsels for the colleges and universities, final settlement of this and all other matters will have no material effect on the accompanying financial statements.

D. Federal Grants - The state has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

E. Loan Guarantees - Two state agencies, the Tennessee Industrial Development Authority (TIDA), an Enterprise Fund, and the Tennessee Student Assistance Corporation (TSAC), a Nonexpendable Trust Fund, guarantee loans made by private lenders to industry and to students, respectively. The U.S. Department of Education (USDE) reinsures the student loans up to 100% of their principal amounts. At June 30, 1980 TIDA was guarantor of $1.0 million in industrial loans; and TSAC was guarantor of $100.3 million in student loans, substantially all of which were reinsured by the USDE. The state has no obligation under these guarantees in the event of default.

F. Other - The Board of Claims was created by the legislature to hear claims against the state involving (1) injuries and property damages arising from the negligence of state employees and (2) injuries or deaths of state employees while performing official duties. It is the state's policy to fund, through annual appropriation, these claims as paid.

Memphis, the State's Largest City

GENERAL FUND

The General Fund is maintained to account for all governmental financial resources and transactions not accounted for in another fund.

STATE OF TENNESSEE
BALANCE SHEET
GENERAL FUND
JUNE 30, 1980

(Expressed in Thousands)

ASSETS	JUNE 30, 1980	JUNE 30, 1979
CASH AND CASH EQUIVALENTS	$150,230	$196,259
RECEIVABLES:		
DUE FROM OTHER GOVERNMENTS	76,967	56,685
INTEREST	26,201	18,513
OTHER	194	162
INTERFUND RECEIVABLES (Note 2)	300	
TOTAL ASSETS	$253,892	$271,619
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 51,394	$ 53,862
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	100,921	54,817
ACCRUED PAYROLL AND RELATED DEDUCTIONS	12,719	12,592
INTERFUND PAYABLES (Note 2)	3,616	3,746
OTHER	776	876
TOTAL LIABILITIES	169,426	125,893
FUND BALANCE (Note 1):		
RESERVED FOR ENCUMBRANCES AND CONTRACTS	8,027	20,644
RESERVED FOR CONTINUING APPROPRIATIONS	3,864	3,315
RESERVED FOR APPROPRIATION AND OTHER REQUIREMENTS	29,200	67,088
RESERVED FOR OTHER SPECIFIC PURPOSES	8,842	14,982
UNRESERVED:		
DESIGNATED FOR REVENUE FLUCTUATIONS	31,000	32,000
DESIGNATED FOR CLAIMS AGAINST THE STATE	3,000	7,500
UNDESIGNATED	533	197
TOTAL FUND BALANCE	84,466	145,726
TOTAL LIABILITIES AND FUND BALANCE	$253,892	$271,619

See accompanying Notes to the Financial
Statements and Narrative Explanations.

STATE OF TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1980	JUNE 30, 1979
REVENUES:		
TAXES	$1,448,579	$1,388,654
LICENSES, FEES AND PERMITS	25,099	23,877
INTEREST ON INVESTMENTS	72,354	52,994
FEDERAL	865,546	740,574
DEPARTMENTAL SERVICES	152,195	128,577
OTHER	7,065	2,736
TOTAL REVENUES	2,570,838	2,337,412
EXPENDITURES:		
GENERAL GOVERNMENT	170,209	131,454
EDUCATION	1,230,000	1,116,947
HEALTH AND SOCIAL SERVICES	959,620	825,890
LAW, JUSTICE AND PUBLIC SAFETY	145,302	128,788
RECREATION AND RESOURCES DEVELOPMENT	53,386	47,325
REGULATION OF BUSINESS AND PROFESSIONS	13,808	12,722
TOTAL EXPENDITURES	2,572,325	2,263,126
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,487)	74,286
OTHER FINANCING USES:		
OPERATING TRANSFERS:		
TO SPECIAL REVENUE FUNDS	(1,802)	(14,840)
TO CAPITAL PROJECTS FUND	(51,397)	(42,778)
TO ENTERPRISE FUND	(182)	(381)
TO INTERNAL SERVICE FUNDS	(1,305)	(1,011)
TO NONEXPENDABLE TRUST FUND	(5,087)	(3,797)
TOTAL OTHER FINANCING USES	(59,773)	(62,807)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(61,260)	11,479
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE		(153)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES, OTHER USES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(61,260)	11,326
FUND BALANCE, JULY 1	145,726	137,813
EQUITY TRANSFERS:		
TO ENTERPRISE FUNDS		(1,755)
TO NONEXPENDABLE TRUST FUNDS		(1,658)
FUND BALANCE, JUNE 30 (Note 2)	$ 84,466	$ 145,726

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
STATEMENT OF REVENUES BY SOURCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

REVENUES BY SOURCE	FOR THE YEAR ENDED JUNE 30, 1980	FOR THE YEAR ENDED JUNE 30, 1979
TAXES:		
SALES AND USE	$ 913,134	$ 876,086
GASOLINE	2,615	2,869
MOTOR VEHICLE REGISTRATION	4,230	3,462
INCOME	21,403	18,181
PRIVILEGE	28,473	28,407
GROSS RECEIPTS	77,051	71,616
BEER	7,244	7,619
ALCOHOLIC BEVERAGE	23,217	22,745
MIXED DRINK	6,404	5,820
FRANCHISE	27,938	25,001
EXCISE	160,522	150,389
INHERITANCE AND ESTATE	28,307	37,493
TOBACCO	73,819	72,029
BUSINESS	5,357	4,050
INSURANCE COMPANIES PREMIUM	60,006	55,444
RETALIATORY	2,978	1,707
BUILDING AND LOAN ASSOCIATIONS	1,479	1,533
OTHER	4,402	4,203
	1,448,579	1,388,654
LICENSES, FEES AND PERMITS:		
MOTOR VEHICLE TITLE REGISTRATION FEES	3,171	3,237
DRIVERS LICENSES	9,134	8,909
ARRESTS, FINES AND FEES	2,690	2,786
OTHER	10,104	8,945
	25,099	23,877
INTEREST ON INVESTMENTS	72,354	52,994
FEDERAL:		
EARNED BY STATE DEPARTMENTS	822,383	698,853
REVENUE SHARING	43,163	41,721
	865,546	740,574
DEPARTMENTAL SERVICES:		
CHARGES TO THE PUBLIC	47,725	40,557
INTERDEPARTMENTAL CHARGES	88,499	74,233
CHARGES TO CITIES, COUNTIES, ETC.	15,971	13,787
	152,195	128,577
OTHER	7,065	2,736
TOTAL REVENUES BY SOURCE	$2,570,838	$2,337,412

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
STATEMENT OF EXPENDITURES BY FUNCTION AND DEPARTMENT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

DEPARTMENT	FUNCTION					
	GENERAL GOVERNMENT	EDUCATION	HEALTH AND SOCIAL SERVICES	LAW, JUSTICE AND PUBLIC SAFETY	RECREATION AND RESOURCES DEVELOPMENT	REGULATION OF BUSINESS AND PROFESSIONS
LEGISLATIVE	$ 6,106					
SECRETARY OF STATE	1,522					
COMPTROLLER	17,580					
TREASURER	3,444					
BOARD OF CLAIMS	2,137					
GOVERNOR	37,862					
COMMISSIONS	24,157					
FINANCE AND ADMINISTRATION	3,726					
PERSONNEL	3,240					
GENERAL SERVICES	10,358					
REVENUE	22,255					
OTHER	37,822					
EDUCATION		$1,230,000				
VETERANS AFFAIRS			$ 853			
EMPLOYMENT SECURITY			100,523			
MENTAL HEALTH AND MENTAL RETARDATION			143,711			
PUBLIC HEALTH			497,949			
HUMAN SERVICES			216,584			
JUDICIAL				$ 25,112		
CORRECTION				83,462		
MILITARY				9,854		
SAFETY				26,874		
AGRICULTURE					$ 7,948	
TOURIST DEVELOPMENT					3,086	
CONSERVATION					37,538	
ECONOMIC AND COMMUNITY DEVELOPMENT					4,814	
INSURANCE						$ 7,886
BANKING						1,947
LABOR						3,975
TOTALS	$170,209	$1,230,000	$959,620	$145,302	$53,386	$13,808

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
STATEMENT OF EXPENDITURES BY OBJECT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

EXPENDITURES BY OBJECT	FOR THE YEAR ENDED JUNE 30, 1980	 JUNE 30, 1979
PERSONAL SERVICES	$ 389,968	$ 363,550
EMPLOYEE BENEFITS	65,461	57,357
TRAVEL	18,169	18,566
PRINTING, DUPLICATING AND FILM PROCESSING	8,024	6,378
UTILITIES AND FUEL	17,914	15,594
COMMUNICATION AND SHIPPING COSTS	15,171	13,851
MAINTENANCE, REPAIRS AND SERVICES	5,584	4,929
PROFESSIONAL AND ADMINISTRATIVE SERVICES	83,297	70,634
SUPPLIES	73,756	63,721
RENTALS AND INSURANCE	10,335	8,605
MOTOR VEHICLE OPERATION	3,704	3,095
AWARDS AND INDEMNITIES	3,815	3,742
GRANTS AND SUBSIDIES	1,856,507	1,612,609
ITEMS FOR RESALE, REISSUE OR MANUFACTURE	5,326	5,229
EQUIPMENT	12,435	12,276
LAND	274	394
BUILDINGS	2,585	2,596
TOTAL EXPENDITURES BY OBJECT	$2,572,325	$2,263,126

See accompanying Notes to the Financial
Statements and Narrative Explanations.

STATE OF TENNESSEE
NARRATIVE EXPLANATIONS
GENERAL FUND
JUNE 30, 1980

Budgetary Procedures and Control

In many respects Tennessee is similar to other states regarding the process leading to adoption of the annual budget. Utilizing zero-based budgeting concepts, the executive branch prepares a budget which is the result of a series of intradepartmental budget meetings and executive budget hearings. The executive budget is based on estimates of all available revenue sources.

The executive budget is presented to the legislature at the beginning of each annual session. The legislature conducts budget hearings through its Finance, Ways and Means committees. Each committee recommends a version of the Appropriation Act to its respective body for passage. Included in the Appropriation Act is the funding level for each major organizational entity within each department. After passage by each chamber, differences between the two versions, if any, are resolved in conference committee. The final version is passed by both houses and sent to the Governor for approval. Before signing the Appropriation Act, the Governor may veto or reduce any specific appropriation item. These adjustments are subject to being overridden by the legislature.

Once the final budget is passed and signed, it becomes the financial plan for the coming year's activities. A quarterly work program detailing anticipated revenues by source and expenditures by object is then developed for each organizational entity. The work program is entered into the state's centralized accounting system. This budgetary-accounting integration and the resulting periodic reports facilitate both management control and legislative overview of the state's financial operations. Any deviation from the funding levels as specified in the Appropriation Act must receive prior approval from both the appropriate executive decision-makers and the Finance, Ways and Means committees. Thus, there is a continuing interaction between the executive and legislative branches on budgetary matters.

Constitutional Spending Limitation

Tennessee was the first state to adopt a constitutional spending limitation. This was not a response to any spending or taxing excesses but was a public endorsement of the state's long standing record of sound fiscal management.

The March 1978 amendment to the Constitution limited the growth in spending by state government to the rate of growth exhibited by the state's economy. The legislature was directed to establish a measure of economic growth from which the permitted growth of spending could be calculated. Estimated growth in personal income was the measure so established.

The 1980-1981 budget is the state's second budget to be prepared and enacted since passage of the spending limitation. The total budget is well within the statutory limit enacted to carry out the constitutional mandate. Although the effect of the constitutional spending limitation cannot be evaluated until it has been operative for a period of years, it is apparent that the long-term impact of the amendment on the continued operations and growth of state government could be substantial.

The Parthenon, located in Centennial Park in Nashville

SPECIAL REVENUE FUNDS

The Special Revenue Funds are maintained to account for the proceeds of specific revenues which are earmarked to finance particular functions or activities of government.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 1980

(Expressed in Thousands)

ASSETS	HIGHWAY	EMPLOYMENT SECURITY	OTHER	TOTALS JUNE 30, 1980	TOTALS JUNE 30, 1979
CASH AND CASH EQUIVALENTS	$207,049	$ 5,984	$6,839	$219,872	$264,726
CASH ON DEPOSIT WITH FISCAL AGENT		254,181		254,181	258,595
RECEIVABLES, net of allowance for uncollectibles of $10,455 in 1980 and $9,877 in 1979 (Note 1)	71,447	3,620	65	75,132	58,745
INVENTORIES, at cost	5,947			5,947	5,307
TOTAL ASSETS	$284,443	$263,785	$6,904	$555,132	$587,373
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
WARRANTS PAYABLE	$ 19,360	$ 5,160	$ 552	$ 25,072	$ 20,333
ACCOUNTS PAYABLE AND ACCRUALS	48,331	8,308	662	57,301	42,626
INTERFUND PAYABLES (Note 2)	622		66	688	662
OTHER	4,699		1	4,700	3,816
TOTAL LIABILITIES	73,012	13,468	1,281	87,761	67,437
FUND BALANCES (Note 1):					
RESERVED FOR INVENTORIES	5,947			5,947	5,307
RESERVED FOR ENCUMBRANCES AND CONTRACTS	144,453		289	144,742	192,137
RESERVED FOR OTHER SPECIFIC PURPOSES	54,208	250,317	5,334	309,859	313,134
UNRESERVED	6,823			6,823	9,358
TOTAL FUND BALANCES	211,431	250,317	5,623	467,371	519,936
TOTAL LIABILITIES AND FUND BALANCES	$284,443	$263,785	$6,904	$555,132	$587,373

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	HIGHWAY	EMPLOYMENT SECURITY	OTHER	TOTALS FOR THE YEAR ENDED JUNE 30, 1980	TOTALS FOR THE YEAR ENDED JUNE 30, 1979
REVENUES:					
TAXES	$188,745	$161,844		$350,589	$363,683
LICENSES, FEES AND PERMITS	90		$13,071	13,161	11,725
INTEREST		19,658		19,658	14,738
FEDERAL	227,466	46,334	2,608	276,408	208,580
DEPARTMENTAL SERVICES	13,877	2,288	1,113	17,278	11,423
OTHER	2,268			2,268	2,130
TOTAL REVENUES	432,446	230,124	16,792	679,362	612,279
EXPENDITURES:					
TRANSPORTATION	479,599			479,599	392,202
PAYMENTS TO CLAIMANTS		237,986		237,986	147,432
REFUNDS		330		330	486
GENERAL GOVERNMENT			3,908	3,908	3,085
EDUCATION			510	510	552
LAW, JUSTICE AND PUBLIC SAFETY			214	214	194
RECREATION AND RESOURCES DEVELOPMENT			11,152	11,152	9,616
TOTAL EXPENDITURES	479,599	238,316	15,784	733,699	553,567
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(47,153)	(8,192)	1,008	(54,337)	58,712
OTHER FINANCING SOURCES (USES):					
OPERATING TRANSFER FROM GENERAL FUND	1,487		315	1,802	14,840
OPERATING TRANSFER FROM DEBT SERVICE FUND					6,400
OPERATING TRANSFER TO PENSION TRUST FUND			(30)	(30)	(37)
TOTAL OTHER FINANCING SOURCES (USES)	1,487		285	1,772	21,203
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(45,666)	(8,192)	1,293	(52,565)	79,915
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE					(26,414)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES, OTHER USES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(45,666)	(8,192)	1,293	(52,565)	53,501
FUND BALANCES, JULY 1	257,097	258,509	4,330	519,936	466,435
FUND BALANCES, JUNE 30 (Note 2)	$211,431	$250,317	$ 5,623	$467,371	$519,936

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS
JUNE 30, 1980

(Expressed in Thousands)

ASSETS	PUBLIC SERVICE COMMISSION	CRIMINAL INJURIES COMPENSATION	ABANDONED LAND PROGRAM	WILDLIFE RESOURCES AGENCY	DRIVER EDUCATION	TOTALS JUNE 30, 1980	TOTALS JUNE 30, 1979
CASH AND CASH EQUIVALENTS	$903	$119	$1,409	$3,869	$539	$6,839	$5,036
RECEIVABLES	55			10		65	241
TOTAL ASSETS	$958	$119	$1,409	$3,879	$539	$6,904	$5,277
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
WARRANTS PAYABLE	$151	$ 66	$ 13	$ 319	$ 3	$ 552	$ 672
ACCOUNTS PAYABLE AND ACCRUALS	42		4	612	4	662	211
INTERFUND PAYABLES (Note 2)				65	1	66	63
OTHER	1					1	1
TOTAL LIABILITIES	194	66	17	996	8	1,281	947
FUND BALANCES:							
RESERVED FOR ENCUMBRANCES AND CONTRACTS	19		132	137	1	289	233
RESERVED FOR OTHER SPECIFIC PURPOSES	745	53	1,260	2,746	530	5,334	4,097
TOTAL FUND BALANCES	764	53	1,392	2,883	531	5,623	4,330
TOTAL LIABILITIES AND FUND BALANCES	$958	$119	$1,409	$3,879	$539	$6,904	$5,277

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	PUBLIC SERVICE COMMISSION	CRIMINAL INJURIES COMPENSATION	ABANDONED LAND PROGRAM	WILDLIFE RESOURCES AGENCY	DRIVER EDUCATION	TOTALS FOR THE YEAR ENDED	
						JUNE 30, 1980	JUNE 30, 1979
REVENUES:							
LICENSES, FEES AND PERMITS	$2,812	$352	$ 478	$ 8,556	$873	$13,071	$11,670
FEDERAL	109			2,499		2,608	2,310
DEPARTMENTAL SERVICES	415			698		1,113	656
TOTAL REVENUES	3,336	$352	478	11,753	873	16,792	14,636
EXPENDITURES:							
GENERAL GOVERNMENT	3,544	364				3,908	3,085
EDUCATION					510	510	552
LAW, JUSTICE AND PUBLIC SAFETY					214	214	194
RECREATION AND RESOURCES DEVELOPMENT			260	10,892		11,152	9,616
TOTAL EXPENDITURES	3,544	364	260	10,892	724	15,784	13,447
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(208)	(12)	218	861	149	1,008	1,189
OTHER FINANCING SOURCES (USES):							
OPERATING TRANSFER FROM GENERAL FUND	27		1	287		315	(110)
OPERATING TRANSFER TO PENSION TRUST FUND	(30)					(30)	(37)
TOTAL OTHER FINANCING SOURCES (USES)	(3)		1	287		285	(147)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(211)	(12)	219	1,148	149	1,293	1,042
FUND BALANCES, JULY 1	975	65	1,173	1,735	382	4,330	3,288
FUND BALANCES, JUNE 30	$ 764	$ 53	$1,392	$ 2,883	$531	$ 5,623	$ 4,330

See accompanying Notes to the Financial
Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	HIGHWAY			OTHER SPECIAL REVENUE			TOTALS FOR THE YEAR ENDED JUNE 30, 1980		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE - FAVORABLE (UNFAVORABLE)
SOURCES OF FINANCIAL RESOURCES:									
FUND BALANCES (BUDGETARY BASIS), JULY 1	$ 14,689	$ 14,689		$ 4,097	$ 4,097		$ 18,786	$ 18,786	
ADD - ENCUMBRANCE AND CONTRACT RESERVES REAPPROPRIATED	255,092	255,092		233	233		255,325	255,325	
ADJUSTED FUND BALANCES (BUDGETARY BASIS), JULY 1	269,781	269,781		4,330	4,330		274,111	274,111	
REVENUES:									
TAXES	194,593	188,745	($ 5,848)				194,593	188,745	($ 5,848)
LICENSES, FEES AND PERMITS	55	90	35	12,367	13,071	$ 704	12,422	13,161	739
FEDERAL	230,308	230,308		2,662	2,608	(54)	232,970	232,916	(54)
DEPARTMENTAL SERVICES	13,849	13,877	28	710	1,113	403	14,559	14,990	431
OTHER	1,721	2,268	547				1,721	2,268	547
OTHER FINANCING SOURCES - OPERATING TRANSFERS IN	1,487	1,487		315	315		1,802	1,802	
TOTAL SOURCES OF FINANCIAL RESOURCES	711,794	706,556	(5,238)	20,384	21,437	1,053	732,178	727,993	(4,185)
USES OF FINANCIAL RESOURCES:									
EXPENDITURES AND ENCUMBRANCES:									
GENERAL GOVERNMENT				3,960	3,927	33	3,960	3,927	33
EDUCATION				510	510		510	510	
LAW, JUSTICE AND PUBLIC SAFETY				349	215	134	349	215	134
RECREATION AND RESOURCES DEVELOPMENT				11,931	11,421	510	11,931	11,421	510
TRANSPORTATION	711,957	693,762	18,195				711,957	693,762	18,195
OTHER FINANCING USES - OPERATING TRANSFERS OUT				30	30		30	30	
TOTAL USES OF FINANCIAL RESOURCES	711,957	693,762	18,195	16,780	16,103	677	728,737	709,865	18,872
FUND BALANCES (BUDGETARY BASIS), JUNE 30 (Note 2)	($ 163)	$ 12,794	$12,957	$ 3,604	$ 5,334	$1,730	$ 3,441	$ 18,128	$14,687

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
BALANCE SHEET
HIGHWAY FUND
JUNE 30, 1980

(Expressed in Thousands)

ASSETS	JUNE 30, 1980	JUNE 30, 1979
CASH AND CASH EQUIVALENTS	$207,049	$254,499
DUE FROM OTHER GOVERNMENTS	71,447	55,350
INVENTORIES, at cost	5,947	5,307
TOTAL ASSETS	$284,443	$315,156
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 19,360	$ 15,514
ACCOUNTS PAYABLE AND ACCRUALS:		
ACCOUNTS PAYABLE	41,854	31,947
CONTRACT RETAINAGE	4,262	3,915
ACCRUED PAYROLL AND RELATED DEDUCTIONS	2,215	2,269
INTERFUND PAYABLES (Note 2)	622	599
OTHER	4,699	3,815
TOTAL LIABILITIES	73,012	58,059
FUND BALANCE:		
RESERVED FOR INVENTORIES	5,947	5,307
RESERVED FOR ENCUMBRANCES AND CONTRACTS	144,453	191,904
RESERVED FOR OTHER SPECIFIC PURPOSES (Note 1):		
INTERSTATE HIGHWAYS	4,874	3,707
PRIMARY SYSTEM	8,865	12,900
URBAN HIGHWAYS	2,031	2,017
SECONDARY ROADS	5,662	10,263
APPALACHIA HIGHWAYS AND ACCESS ROUTES	9,585	4,151
RURAL ROADS	6,762	8,528
METROPOLITAN URBAN SYSTEMS	2,413	2,340
BRIDGE REPLACEMENT	6,712	2,234
HIGHWAY SAFETY CONSTRUCTION	4,830	2,769
OTHERS	2,474	1,619
UNRESERVED	6,823	9,358
TOTAL FUND BALANCE	211,431	257,097
TOTAL LIABILITIES AND FUND BALANCE	$284,443	$315,156

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1980	JUNE 30, 1979
REVENUES:		
TAXES	$188,745	$198,719
LICENSES	90	55
FEDERAL	227,466	176,572
DEPARTMENTAL SERVICES	13,877	8,717
OTHER	2,268	2,130
TOTAL REVENUES	432,446	386,193
EXPENDITURES:		
INTERSTATE HIGHWAY CONSTRUCTION	129,951	67,341
PRIMARY SYSTEM CONSTRUCTION	54,130	41,980
APPALACHIA CONSTRUCTION	43,694	50,099
STATE SYSTEM CONSTRUCTION	58,034	63,620
OTHER CONSTRUCTION	108,148	90,690
MAINTENANCE AND MARKING	49,462	47,801
ADMINISTRATIVE AND OTHER	36,180	30,671
TOTAL EXPENDITURES	479,599	392,202
EXCESS OF EXPENDITURES OVER REVENUES	(47,153)	(6,009)
OTHER FINANCING SOURCES:		
OPERATING TRANSFER FROM GENERAL FUND	1,487	14,950
OPERATING TRANSFER FROM DEBT SERVICE FUND		6,400
TOTAL OTHER FINANCING SOURCES	1,487	21,350
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(45,666)	15,341
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE		(11,953)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(45,666)	3,388
FUND BALANCE, JULY 1	257,097	253,709
FUND BALANCE, JUNE 30	$211,431	$257,097

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
STATEMENT OF REVENUES BY SOURCE
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

REVENUES BY SOURCE	FOR THE YEAR ENDED JUNE 30, 1980	 JUNE 30, 1979
TAXES:		
GASOLINE	$ 63,552	$ 69,434
MOTOR FUEL	19,001	19,371
GASOLINE INSPECTION	19,661	23,482
MOTOR VEHICLE REGISTRATION	86,531	86,432
	188,745	198,719
OUTDOOR ADVERTISING LICENSES	90	55
FEDERAL	227,466	176,572
DEPARTMENTAL SERVICES:		
CITIES AND COUNTIES	10,436	6,522
STATE AGENCIES	3,441	2,195
OTHER - SALE OF EQUIPMENT, PLANS, ETC.	2,268	2,130
TOTAL REVENUES BY SOURCE	$432,446	$386,193

See accompanying Notes to the Financial
Statements and Narrative Explanations.

STATE OF TENNESSEE
STATEMENT OF EXPENDITURES BY OBJECT
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	FOR THE YEAR ENDED	
EXPENDITURES BY OBJECT	JUNE 30, 1980	JUNE 30, 1979
PERSONAL SERVICES	$ 64,217	$ 59,999
EMPLOYEE BENEFITS	12,491	9,052
TRAVEL	553	615
PRINTING, DUPLICATING AND FILM PROCESSING	450	330
UTILITIES AND FUEL	938	817
COMMUNICATION AND SHIPPING COSTS	707	688
MAINTENANCE, REPAIRS AND SERVICES	336	249
PROFESSIONAL AND ADMINISTRATIVE SERVICES	13,404	8,757
SUPPLIES	10,908	12,065
RENTALS AND INSURANCE	531	478
MOTOR VEHICLE OPERATION	1,804	1,688
AWARDS AND INDEMNITIES	401	466
GRANTS AND SUBSIDIES	6,606	3,883
ITEMS FOR RESALE, REISSUE OR MANUFACTURE	11,150	8,798
EQUIPMENT	3,095	5,676
LAND	33,644	23,348
BUILDINGS	495	189
HIGHWAY CONSTRUCTION	317,869	255,104
TOTAL EXPENDITURES BY OBJECT	$479,599	$392,202

See accompanying Notes to the Financial
Statements and Narrative Explanations.

STATE OF TENNESSEE
NARRATIVE EXPLANATIONS
ALL SPECIAL REVENUE FUNDS
JUNE 30, 1980

Specific revenues, earmarked to finance particular activities of government, are accounted for in the Special Revenue Funds. A brief description of each fund follows.

Highway Fund - This fund is maintained to account for revenues and expenditures associated with programs of the Department of Transportation. Funding of these programs is accomplished primarily from dedicated highway user taxes and funds received from the various federal transportation agencies. All federal funds accruing to the Highway Fund are received on a reimbursement basis covering costs incurred. It is the state's practice to appropriate matching dollars for jointly funded projects in the year of federal apportionment. This front-end state funding, together with multi-year disbursements on most projects, results in large cash balances in this fund. The State Treasurer invests these moneys, income from which is deposited in the General Fund.

Employment Security Fund - This fund is maintained to account for the collection of unemployment contributions from employers and the payment of unemployment benefits to eligible claimants. Funds are also received from the federal government for local office building construction, supplemental unemployment programs and work incentive payments. As required by law, all funds not necessary for current benefit payments are placed on deposit with the U.S. Treasury. Interest earned from these moneys is retained in the fund. Administrative and operational expenses incurred by the Department of Employment Security are expenditures of the General Fund.

Other Special Revenue Funds - There are five agencies included in this group, as follows:

1. Public Service Commission - The commission is responsible for executing and enforcing all statutes governing railroads, utilities and motor carriers. They also assess these groups for ad valorem taxes. Revenues are derived principally from filing and inspection fees;

2. Criminal Injuries Compensation - The Board of Claims administers this fund for the award of compensation, not to exceed $10,000, to victims (or their dependents) who suffer personal injury or death as a result of a criminal act. The primary revenue source is the privilege tax levied by the courts at the time of conviction of the offender;

3. Abandoned Land Program - This program is administered by the Department of Conservation. Revenues collected from surface mining permit fees and forfeited performance bonds are used to reclaim and restore lands affected by abandoned mining operations;

4. Wildlife Resources Agency - This agency is responsible for the preservation, management, enhancement and protection of the state's wildlife resources and their environs. An additional responsibility is the enforcement of boating safety on state lakes and streams. Revenues are derived principally from hunting and fishing licenses, fees and permits;

5. Driver Education - This program is designed and coordinated by the Departments of Education and Safety. Highway safety is promoted by providing driver education, instruction and training in schools, colleges and community organizations. The $2 fee for moving traffic violations is the source of funding for this program.

Reelfoot Lake, the State's largest natural lake, near Tiptonville

DEBT SERVICE FUND

The Debt Service Fund is maintained to account for accumulation of resources for, and the payment of, principal and interest on general long-term debt.

STATE OF TENNESSEE
BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 1980

(Expressed in Thousands)

ASSETS	JUNE 30, 1980	JUNE 30, 1979
CASH AND CASH EQUIVALENTS	$17,460	$2,755
PREPAYMENTS	3	4
TOTAL ASSETS	$17,463	$2,759
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 3	$ 10
MATURED BONDS AND INTEREST PAYABLE	439	288
TOTAL LIABILITIES	442	298
FUND BALANCE:		
RESERVED FOR CAPITAL OUTLAY APPROPRIATION	14,200	
UNRESERVED	2,821	2,461
TOTAL FUND BALANCE	17,021	2,461
TOTAL LIABILITIES AND FUND BALANCE	$17,463	$2,759

See accompanying Notes to the
Financial Statements.

STATE OF TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1980	JUNE 30, 1979
REVENUES:		
TAXES:		
SALES AND USE	$10,873	$10,429
GASOLINE	28,000	30,700
FRANCHISE	16,000	16,000
EXCISE	37,700	35,700
	92,573	92,829
FEDERAL	91	105
TOTAL REVENUES	92,664	92,934
EXPENDITURES:		
BOND PRINCIPAL RETIREMENT	47,710	48,210
BOND INTEREST	30,386	32,646
OTHER	8	17
TOTAL EXPENDITURES	78,104	80,873
EXCESS OF REVENUES OVER EXPENDITURES	14,560	12,061
OTHER FINANCING USES:		
OPERATING TRANSFER TO HIGHWAY FUND		6,400
OPERATING TRANSFER TO CAPITAL PROJECTS FUND		5,000
TOTAL OTHER FINANCING USES		11,400
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	14,560	661
FUND BALANCE, JULY 1	2,461	1,800
FUND BALANCE, JUNE 30	$17,021	$ 2,461

See accompanying Notes to the
Financial Statements.

The Andrew Jackson Hall of the Tennessee Performing Arts Center in Nashville

CAPITAL PROJECTS FUND

The Capital Projects Fund is maintained to account for the acquisition or construction of major governmental general fixed assets financed principally by long-term bonds.

STATE OF TENNESSEE
BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 1980

(Expressed in Thousands)

ASSETS	JUNE 30, 1980	JUNE 30, 1979
CASH AND CASH EQUIVALENTS	$105,577	$136,433
DUE FROM OTHER GOVERNMENTS	4,495	1,948
TOTAL ASSETS	$110,072	$138,381
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 2,542	$ 4,870
ACCOUNTS PAYABLE	8,182	6,918
OTHER	206	
TOTAL LIABILITIES	10,930	11,788
FUND BALANCE (Note 1):		
RESERVED FOR ENCUMBRANCES AND CONTRACTS	33,237	46,446
RESERVED FOR APPROVED CAPITAL PROJECTS	39,260	34,306
RESERVED FOR FUTURE CAPITAL PROJECTS	26,645	45,841
TOTAL FUND BALANCE	99,142	126,593
TOTAL LIABILITIES AND FUND BALANCE	$110,072	$138,381

See accompanying Notes to the
Financial Statements.

STATE OF TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1980	JUNE 30, 1979
REVENUES:		
FEDERAL	$ 8,701	$ 5,975
DEPARTMENTAL SERVICES	1,097	296
OTHER	750	380
TOTAL REVENUES	10,548	6,651
EXPENDITURES:		
GENERAL GOVERNMENT	6,316	9,144
EDUCATION	44,678	49,309
HEALTH AND SOCIAL SERVICES	4,928	6,007
LAW, JUSTICE AND PUBLIC SAFETY	20,240	18,196
RECREATION AND RESOURCES DEVELOPMENT	13,221	8,964
TOTAL EXPENDITURES	89,383	91,620
EXCESS OF EXPENDITURES OVER REVENUES	(78,835)	(84,969)
OTHER FINANCING SOURCES (USES):		
OPERATING TRANSFER FROM GENERAL FUND	51,397	42,778
OPERATING TRANSFER FROM DEBT SERVICE FUND		5,000
OPERATING TRANSFER TO INTERNAL SERVICE FUNDS	(13)	
TOTAL OTHER FINANCING SOURCES (USES)	51,384	47,778
EXCESS OF EXPENDITURES AND OTHER USES OVER REVENUES AND OTHER SOURCES BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(27,451)	(37,191)
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE		(5,400)
EXCESS OF EXPENDITURES, OTHER USES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE OVER REVENUES AND OTHER SOURCES	(27,451)	(42,591)
FUND BALANCE, JULY 1	126,593	172,184
EQUITY TRANSFER TO ENTERPRISE FUND		(3,000)
FUND BALANCE, JUNE 30	$ 99,142	$126,593

See accompanying Notes to the
Financial Statements.

ENTERPRISE FUNDS

Enterprise Funds are maintained to account for the operations of state agencies which render services to the general public in a manner similar to private business enterprises. It is the intent that the costs of providing goods or services on a continuing basis be financed or recovered primarily through user charges.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
JUNE 30, 1980

(Expressed in Thousands)

ASSETS	HOUSING DEVELOPMENT AGENCY	INDUSTRIAL DEVELOPMENT AUTHORITY	INDUSTRIES FOR THE BLIND	SEWAGE TREATMENT FACILITIES	OTHER	TOTALS JUNE 30, 1980	TOTALS JUNE 30, 1979
CURRENT ASSETS:							
CASH AND CASH EQUIVALENTS	$ 99,722	$4,028	$ 495	$13,126	$1,202	$118,573	$142,307
RECEIVABLES:							
ACCOUNTS, net of allowance for uncollectibles of $40	2,929		185		79	3,193	15,737
INTEREST	6,792					6,792	3,142
FIRST MORTGAGE LOANS - CURRENT PORTION	2,750					2,750	2,000
DUE FROM OTHER GOVERNMENTS - CURRENT PORTION				1,380		1,380	1,320
INVENTORIES, at cost			426		15	441	538
TOTAL CURRENT ASSETS	112,193	4,028	1,106	14,506	1,296	133,129	165,044
OTHER ASSETS:							
LONG-TERM INVESTMENTS, at cost	38,589					38,589	22,620
FIRST MORTGAGE LOANS RECEIVABLE	287,180					287,180	204,602
DUE FROM OTHER GOVERNMENTS				83,353		83,353	71,695
DEFERRED CHARGES	8,552					8,552	7,011
TOTAL OTHER ASSETS	334,321			83,353		417,674	305,928
MACHINERY AND EQUIPMENT, at cost	119		301		422	842	845
LESS ACCUMULATED DEPRECIATION	(40)		(148)		(234)	(422)	(414)
TOTAL FIXED ASSETS	79		153		188	420	431
TOTAL ASSETS	$446,593	$4,028	$1,259	$97,859	$1,484	$551,223	$471,403

LIABILITIES AND FUND EQUITY	HOUSING DEVELOPMENT AGENCY	INDUSTRIAL DEVELOPMENT AUTHORITY	INDUSTRIES FOR THE BLIND	SEWAGE TREATMENT FACILITIES	OTHER	TOTALS JUNE 30, 1980	TOTALS JUNE 30, 1979
LIABILITIES:							
CURRENT LIABILITIES:							
WARRANTS PAYABLE	$ 660	$ 1	$ 75	$ 791	$ 48	$ 1,575	$ 2,976
ACCOUNTS PAYABLE AND ACCRUALS	12,035	2	82	2,847	63	15,029	9,242
INTERFUND PAYABLES (Note 2)	11	1	9		6	27	23
NOTES PAYABLE (Note 3)	2,671			44,000		46,671	80,109
CURRENT PORTION OF LONG-TERM DEBT (Note 3)	6,660			1,380		8,040	5,415
DEFERRED REVENUE	132					132	
TOTAL CURRENT LIABILITIES	22,169	4	166	49,018	117	71,474	97,765
LONG-TERM DEBT - BONDS PAYABLE (Note 3)	406,520			46,950		453,470	355,705
TOTAL LIABILITIES	428,689	4	166	95,968	117	524,944	453,470
FUND EQUITY (Note 2):							
CONTRIBUTED CAPITAL		3,585	1,990		1,493	7,068	7,068
RETAINED EARNINGS (DEFICIT):							
RESERVED FOR BOND RETIREMENT	8,285			1,891		10,176	4,888
UNRESERVED	9,619	439	(897)		(126)	9,035	5,977
TOTAL FUND EQUITY	17,904	4,024	1,093	1,891	1,367	26,279	17,933
TOTAL LIABILITIES AND FUND EQUITY	$446,593	$4,028	$1,259	$97,859	$1,484	$551,223	$471,403

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	HOUSING DEVELOPMENT AGENCY	INDUSTRIAL DEVELOPMENT AUTHORITY	INDUSTRIES FOR THE BLIND	SEWAGE TREATMENT FACILITIES	OTHER	TOTALS FOR THE YEAR ENDED	
						JUNE 30, 1980	JUNE 30, 1979
OPERATING REVENUES:							
CHARGES FOR SERVICES	$ 1,130		$1,408		$1,248	$ 3,786	$ 3,606
INTEREST INCOME	32,694	$ 306		$2,388	93	35,481	28,469
INTERGOVERNMENTAL	5,901			2,631		8,532	5,807
OTHER			1			1	278
TOTAL OPERATING REVENUES	39,725	306	1,409	5,019	1,341	47,800	38,160
OPERATING EXPENSES:							
PERSONAL SERVICES	929	64	1,071		730	2,794	2,473
CONTRACTUAL SERVICES	185	155	135		87	562	202
MATERIALS AND SUPPLIES	19		1,000		390	1,409	1,231
RENTALS AND INSURANCE	64				8	72	16
MORTGAGE SERVICE FEES	779					779	601
GRANTS AND SUBSIDIES	5,958					5,958	2,864
INTEREST	22,751			4,762		27,513	24,157
DEPRECIATION AND AMORTIZATION	355		26		65	446	399
OTHER	61	6	19		17	103	401
TOTAL OPERATING EXPENSES	31,101	225	2,251	4,762	1,297	39,636	32,344
OPERATING INCOME (LOSS)	8,624	81	(842)	257	44	8,164	5,816
OPERATING TRANSFER FROM GENERAL FUND			182			182	381
NET INCOME (LOSS)/CHANGE IN RETAINED EARNINGS	8,624	81	(660)	257	44	8,346	6,197
OTHER CHANGES IN FUND EQUITY:							
EQUITY TRANSFERS FROM GENERAL FUND, NET							1,755
EQUITY TRANSFER FROM CAPITAL PROJECTS FUND							3,000
NET ASSETS FROM CONVERSION TO ACCRUAL ACCOUNTING							963
NET CHANGE IN FUND EQUITY	8,624	81	(660)	257	44	8,346	11,915
FUND EQUITY, JULY 1	9,280	3,943	1,753	1,634	1,323	17,933	6,018
FUND EQUITY, JUNE 30 (Note 2)	$17,904	$4,024	$1,093	$1,891	$1,367	$26,279	$17,933

See accompanying Notes to the Financial
Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	HOUSING DEVELOPMENT AGENCY	INDUSTRIAL DEVELOPMENT AUTHORITY	INDUSTRIES FOR THE BLIND	SEWAGE TREATMENT FACILITIES	OTHER	TOTALS FOR THE YEAR ENDED	
						JUNE 30, 1980	JUNE 30, 1979
SOURCES OF WORKING CAPITAL:							
OPERATIONS:							
NET INCOME (LOSS)	$ 8,624	$ 81	($660)	$ 257	$ 44	$ 8,346	$ 6,197
ITEMS NOT REQUIRING WORKING CAPITAL - DEPRECIATION AND AMORTIZATION	355		26		65	446	399
WORKING CAPITAL PROVIDED BY OPERATIONS	8,979	81	(634)	257	109	8,792	6,596
PROCEEDS FROM SALE OF BONDS	105,805					105,805	74,450
SALE OF LONG-TERM INVESTMENTS							4,443
DISPOSAL OF MACHINERY AND EQUIPMENT					1	1	3
EQUITY TRANSFERS FROM GENERAL FUND							2,205
EQUITY TRANSFER FROM CAPITAL PROJECTS FUND							3,000
NET ASSETS FROM CONVERSION TO ACCRUAL ACCOUNTING							963
TOTAL SOURCES OF WORKING CAPITAL	114,784	81	(634)	257	110	114,598	91,660
USES OF WORKING CAPITAL:							
PURCHASE OF LONG-TERM INVESTMENTS	15,969					15,969	
INCREASE IN FIRST MORTGAGE LOANS RECEIVABLE	82,578					82,578	62,617
INCREASE IN LOANS TO OTHER GOVERNMENTS				11,658		11,658	5,760
INCREASE IN DEFERRED CHARGES	1,885					1,885	1,306
ACQUISITION OF MACHINERY AND EQUIPMENT	13		40		39	92	420
DECREASE IN LONG-TERM DEBT	6,660			1,380		8,040	5,415
EQUITY TRANSFER TO GENERAL FUND							450
TOTAL USES OF WORKING CAPITAL	107,105		40	13,038	39	120,222	75,968
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 7,679	$ 81	($674)	($12,781)	$ 71	($ 5,624)	$15,692
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:							
CASH AND CASH EQUIVALENTS	$ 10,779	$196	($626)	($34,133)	$ 50	($ 23,734)	$35,206
ACCOUNTS RECEIVABLE, net of allowance for uncollectibles	(12,540)		(17)		13	(12,544)	4,198
INTEREST RECEIVABLE	3,767	(117)				3,650	3,142
FIRST MORTGAGE LOANS RECEIVABLE	750					750	339
DUE FROM OTHER GOVERNMENTS				60		60	65
INVENTORIES			(97)			(97)	538
WARRANTS PAYABLE	1,889	2	85	(603)	28	1,401	2,066
ACCOUNTS PAYABLE AND ACCRUALS	(6,704)		(18)	955	(20)	(5,787)	(4,323)
INTERFUND PAYABLES	(3)		(1)			(4)	(23)
NOTES PAYABLE	12,438			21,000		33,438	(23,501)
CURRENT PORTION OF LONG-TERM DEBT	(2,565)			(60)		(2,625)	(2,015)
DEFERRED REVENUE	(132)					(132)	
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 7,679	$ 81	($674)	($12,781)	$ 71	($ 5,624)	$15,692

See accompanying Notes to the Financial
Statements and Narrative Explanations.

STATE OF TENNESSEE
NARRATIVE EXPLANATIONS
ALL ENTERPRISE FUNDS
JUNE 30, 1980

The Enterprise Funds are used to account for the operations of state agencies that provide goods or services to the general public on a user charge basis. The state's enterprise operations are described below.

Housing Development Agency - Created by the legislature in 1973, the purpose of this agency is to improve the quality of housing available to lower and moderate income Tennesseans. This objective is accomplished in part by (1) making funds available for loans for residential construction or rehabilitation, (2) making or participating in the making of insured mortgage loans and (3) purchasing existing mortgages from lending institutions. These programs are funded primarily from the sale of revenue bonds or notes.

Industrial Development Authority - This authority was established in 1972 for the purpose of promoting the development and expansion of industrial resources in underdeveloped areas of the state. To date they principally have been involved in arranging financing from federal, state and private sources for the construction of industrial plants, and in guaranteeing secured loans made by financial institutions to state industries.

Industries for the Blind - Two agencies, A. P. Mills Industries (located in Memphis) and Mason Brandon Industries (located in Nashville), offer training and employment for the visually disabled. These sheltered workshops manufacture mops and brooms and perform various other types of assembly and contract work.

Sewage Treatment Facilities - The Sewage Treatment Facilities Fund was established to account for loans and grants made to local governments and utility districts for the construction of sewage treatment, solid waste recovery and waterworks facilities. In order for these borrowing entities to generate the funds necessary to repay the loans, the imposition of a user's fee by the local systems was authorized. In order to finance this program, general obligation bonds and notes were sold which, although remaining full faith and credit obligations of the state, are being retired from resources of this fund.

Other - Three smaller enterprise operations are included in this group, as follows:

1. Federal Property Utilization, a division of the Department of General Services - This agency receives surplus federal property and redistributes it to civil defense units, health and educational institutions and other eligible donees within the state. The agency collects fees from the donees to offset operating costs.

2. State Employees' Cafeteria, also a division of the Department of General Services - This Nashville division operates a cafeteria in the Andrew Jackson State Office Building and another in the Legislative Plaza for the convenience of state employees.

3. Housing Rehabilitation Corporation - Established in 1973, this corporation's purpose is to provide a means of encouraging the rehabilitation of existing housing. To facilitate this objective the corporation insures first mortgage loans on existing houses and insures loans for home improvements. Although they have received state appropriations in the past, it is intended that the corporation be self-funded with revenues from investments, fees and premium income.

INTERNAL SERVICE FUNDS

Internal Service Funds are maintained to account for the operations of state agencies which render services to other state agencies or governmental units on a cost reimbursement basis.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
JUNE 30, 1980

(Expressed in Thousands)

ASSETS	INFORMATION SYSTEM SERVICES	MOTOR VEHICLE MANAGEMENT	GENERAL SERVICES PRINTING	TENNESSEE STATE INDUSTRIES	INSTITUTIONAL FARMS	TENNESSEE STATE SCHOOL BOND AUTHORITY	OTHER	TOTALS JUNE 30, 1980	TOTALS JUNE 30, 1979
CURRENT ASSETS:									
CASH AND CASH EQUIVALENTS	$ 4,808	$ 3,648	$ 716	$ 285	$ 152	$ 2,946	$ 913	$ 13,468	$ 14,753
CASH ON DEPOSIT WITH FISCAL AGENT						1,601		1,601	400
ACCOUNTS RECEIVABLE, net of allowance for uncollectibles of $3	22	28		168	18		9	245	717
NOTES RECEIVABLE									16
INVENTORIES, at cost		80	524	2,834	1,121		130	4,689	4,161
PREPAID EXPENSES	10			57			10	77	13
TOTAL CURRENT ASSETS	4,840	3,756	1,240	3,344	1,291	4,547	1,062	20,080	20,060
OTHER ASSETS:									
INVESTMENTS, at cost						110,232		110,232	110,154
DEFERRED CHARGES						2,385		2,385	2,817
TOTAL OTHER ASSETS						112,617		112,617	112,971
MACHINERY AND EQUIPMENT, at cost	14,177	11,168	589	895	1,166		1,041	29,036	26,807
LESS ACCUMULATED DEPRECIATION	(10,659)	(4,572)	(228)	(541)	(583)		(352)	(16,935)	(14,935)
TOTAL FIXED ASSETS	3,518	6,596	361	354	583		689	12,101	11,872
TOTAL ASSETS	$ 8,358	$10,352	$1,601	$3,698	$1,874	$117,164	$1,751	$144,798	$144,903
LIABILITIES AND FUND EQUITY									
LIABILITIES:									
CURRENT LIABILITIES:									
WARRANTS PAYABLE	$ 150	$ 72	$ 66	$ 141	$ 57		$ 58	$ 544	$ 1,446
ACCOUNTS PAYABLE AND ACCRUALS:									
ACCOUNTS PAYABLE	603	377	231	235	82	$ 1,340	94	2,962	1,216
ACCRUED PAYROLL AND RELATED DEDUCTIONS	134	15	29	30	14		8	230	228
INTERFUND PAYABLES (Note 2)	39	4	8	9	4		3	67	63
NOTES PAYABLE (Note 3)					125			125	745
DEFERRED REVENUE						264		264	230
TOTAL CURRENT LIABILITIES	926	468	334	415	282	1,604	163	4,192	3,928
LONG-TERM DEBT:									
NOTES PAYABLE									125
BONDS PAYABLE (Note 3)						110,990		110,990	110,990
CALL PREMIUMS PAYABLE						3,867		3,867	3,867
TOTAL LONG-TERM DEBT						114,857		114,857	114,982
TOTAL LIABILITIES	926	468	334	415	282	116,461	163	119,049	118,910
FUND EQUITY:									
CONTRIBUTED CAPITAL	4,888	9,742	754	3,318	907		1,199	20,808	20,131
RETAINED EARNINGS (DEFICIT)	2,544	142	513	(35)	685	703	389	4,941	5,862
TOTAL FUND EQUITY	7,432	9,884	1,267	3,283	1,592	703	1,588	25,749	25,993
TOTAL LIABILITIES AND FUND EQUITY	$ 8,358	$10,352	$1,601	$3,698	$1,874	$117,164	$1,751	$144,798	$144,903

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	INFORMATION SYSTEM SERVICES	MOTOR VEHICLE MANAGEMENT	GENERAL SERVICES PRINTING	TENNESSEE STATE INDUSTRIES	INSTITUTIONAL FARMS	TENNESSEE STATE SCHOOL BOND AUTHORITY	OTHER	TOTALS FOR THE YEAR ENDED JUNE 30, 1980	TOTALS FOR THE YEAR ENDED JUNE 30, 1979
OPERATING REVENUES:									
CHARGES FOR SERVICES	$10,195	$4,680	$2,313	$3,689	$1,943		$2,021	$24,841	$25,684
INTEREST INCOME						$5,628		5,628	5,761
OTHER	32		20	59			2	113	143
TOTAL OPERATING REVENUES	10,227	4,680	2,333	3,748	1,943	5,628	2,023	30,582	31,588
OPERATING EXPENSES:									
PERSONAL SERVICES	4,559	489	948	997	482		539	8,014	7,192
CONTRACTUAL SERVICES	1,222	107	114	406	268		245	2,362	1,719
MATERIALS AND SUPPLIES	544	3,101	796	2,255	1,179		1,155	9,030	8,610
RENTALS AND INSURANCE	2,835	12	106	1	1		2	2,957	2,776
INTEREST					32	6,008		6,040	6,053
DEPRECIATION AND AMORTIZATION	1,562	1,679	59	107	108	432	172	4,119	4,257
OTHER	12	44	5	168	59		11	299	186
TOTAL OPERATING EXPENSES	10,734	5,432	2,028	3,934	2,129	6,440	2,124	32,821	30,793
OPERATING INCOME (LOSS)	(507)	(752)	305	(186)	(186)	(812)	(101)	(2,239)	795
OPERATING TRANSFERS FROM GENERAL FUND				37	284	779	205	1,305	1,011
OPERATING TRANSFER FROM CAPITAL PROJECTS FUND				13				13	
NET INCOME (LOSS)/CHANGE IN RETAINED EARNINGS	(507)	(752)	305	(136)	98	(33)	104	(921)	1,806
OTHER CHANGES IN FUND EQUITY - CONTRIBUTED EQUIPMENT	1	676						677	1,482
NET CHANGE IN FUND EQUITY	(506)	(76)	305	(136)	98	(33)	104	(244)	3,288
FUND EQUITY, JULY 1	7,938	9,960	962	3,419	1,494	736	1,484	25,993	22,705
FUND EQUITY, JUNE 30	$ 7,432	$9,884	$1,267	$3,283	$1,592	$ 703	$1,588	$25,749	$25,993

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	INFORMATION SYSTEM SERVICES	MOTOR VEHICLE MANAGEMENT	GENERAL SERVICES PRINTING	TENNESSEE STATE INDUSTRIES	INSTITUTIONAL FARMS	TENNESSEE STATE SCHOOL BOND AUTHORITY	OTHER	TOTALS FOR THE YEAR ENDED JUNE 30, 1980	TOTALS FOR THE YEAR ENDED JUNE 30, 1979
SOURCES OF WORKING CAPITAL:									
OPERATIONS:									
NET INCOME (LOSS)	($ 507)	($ 752)	$305	($136)	$ 98	($ 33)	$104	($ 921)	$1,806
ITEMS NOT REQUIRING WORKING CAPITAL - DEPRECIATION AND AMORTIZATION	1,562	1,679	59	107	108	432	172	4,119	4,257
WORKING CAPITAL PROVIDED BY OPERATIONS	1,055	927	364	(29)	206	399	276	3,198	6,063
INCREASE IN LONG-TERM NOTES PAYABLE									125
DISPOSAL OF MACHINERY AND EQUIPMENT		389		66			4	459	542
TOTAL SOURCES OF WORKING CAPITAL	1,055	1,316	364	37	206	399	280	3,657	6,730
USES OF WORKING CAPITAL:									
ACQUISITION OF MACHINERY AND EQUIPMENT	1,456	1,979	166	22	49		26	3,698	3,144
PURCHASE OF LONG-TERM INVESTMENTS						78		78	108
DECREASE IN LONG-TERM DEBT					125			125	
TOTAL USES OF WORKING CAPITAL	1,456	1,979	166	22	174	78	26	3,901	3,252
NET INCREASE (DECREASE) IN WORKING CAPITAL	($ 401)	($ 663)	$198	$ 15	$ 32	$ 321	$254	($ 244)	$3,478
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:									
CASH	($ 449)	($ 176)	$281	($737)	($100)	($ 345)	$241	($1,285)	$4,870
CASH ON DEPOSIT WITH FISCAL AGENT						1,201		1,201	282
ACCOUNTS RECEIVABLE, net of allowance for uncollectibles	20	(382)	(54)	(18)	(18)		(20)	(472)	191
NOTES RECEIVABLE	(16)							(16)	(16)
INVENTORIES		(1)	108	290	80		51	528	(345)
PREPAID EXPENSES	(3)			57			10	64	13
WARRANTS PAYABLE	580	83	32	63	57	35	52	902	(398)
ACCOUNTS PAYABLE AND ACCRUALS	(531)	(187)	(169)	361	27	(1,170)	(79)	(1,748)	(318)
INTERFUND PAYABLES	(2)			(1)			(1)	(4)	(5)
NOTES PAYABLE					(14)	634		620	(566)
DEFERRED REVENUE						(34)		(34)	(230)
NET INCREASE (DECREASE) IN WORKING CAPITAL	($ 401)	($ 663)	$198	$ 15	$ 32	$ 321	$254	($ 244)	$3,478

See accompanying Notes to the Financial Statements and Narrative Explanations

STATE OF TENNESSEE
NARRATIVE EXPLANATIONS
ALL INTERNAL SERVICE FUNDS
JUNE 30, 1980

The Internal Service Funds are used to account for the operations of state agencies that provide goods or services to other state agencies on a cost reimbursement basis. The following operations are included in these funds:

Information System Services, a division of the Department of Finance and Administration - This agency functions as the data processing service bureau for state government;

Motor Vehicle Management, a division of the Department of General Services - This division is responsible for administering a uniform program for the operation and maintenance of all state vehicles;

Printing, also a division of the Department of General Services - This agency operates a printing facility to provide such services as general printing, typesetting and binding for state agencies located in Nashville;

Tennessee State Industries, a division of the Department of Correction - Located at the state prison in Nashville, the industries workshops manufacture furniture, license plates and other products for state, county and municipal offices and institutions;

Institutional Farms, also a division of the Department of Correction - Farming operations are conducted at four correctional sites in the state. Food crops are grown and animals are raised for sale and use within the system;

Tennessee State School Bond Authority (TSSBA) - Established in 1965, the TSSBA provides a mechanism for financing building projects for the state's universities. Agreements are executed between the governing boards of the institutions and the TSSBA, and revenue bonds are issued with the constructed facilities as collateral. Charges levied by the universities on users of the facilities provide the funds necessary for payment of principal and interest on bonds. Any collections in excess of these requirements are retained by the institutions to cover administrative fees, building maintenance and related costs;

Other - Four smaller internal service agencies are included in this group, as follows:

1. Legislative Services, a division of the Legislative branch - This division collects revenue from the printing and distribution of proposed bills, legislative calendars and other information during the legislative session;
2. Capitol Print Shop, a division of the Office of the Comptroller - This facility is responsible for providing printing, mailing and other office services for the state agencies located in the Capitol;
3. Postal Services, a division of the Department of General Services - This agency processes and distributes incoming, outgoing and interdepartmental mail for state agencies located in Nashville;
4. State Copier Services, also a division of the Department of General Services - Established in 1978, this division is responsible for the installation and management of state-owned copier machines in selected state agencies with high volume activity.

TRUST AND AGENCY FUNDS

Trust and Agency Funds are maintained to account for assets held by the State acting in the capacity of trustee or agent.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL TRUST AND AGENCY FUNDS
JUNE 30, 1980

(Expressed in Thousands)

	EXPENDABLE TRUST	NONEXPENDABLE TRUST			AGENCY		TOTALS	
	EMPLOYEE GROUP INSURANCE	STUDENT ASSISTANCE CORPORATION	BOARD OF EQUALIZATION LOAN	PENSION TRUST	LOCAL GOVERNMENT	CONTINGENT REVENUE	JUNE 30, 1980	JUNE 30, 1979
CASH AND CASH EQUIVALENTS	$19,209	$2,790	$2,881	$ 122,046	$48,432	$ 85,440	$ 280,798	$ 231,500
INVESTMENTS, at cost or amortized cost				1,602,021			1,602,021	1,339,329
RECEIVABLES:								
INTEREST AND DIVIDENDS		46		26,775			26,821	25,226
DUE FROM OTHER GOVERNMENTS		241	4,232	7,199		13,572	25,244	12,439
NOTES RECEIVABLE		2,403					2,403	2,440
OTHER	744	457					1,201	4,594
INTERFUND RECEIVABLES (Note 2)	1,405			4,166		4,196	9,767	11,754
TOTAL ASSETS	$21,358	$5,937	$7,113	$1,762,207	$48,432	$103,208	$1,948,255	$1,627,282
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
WARRANTS PAYABLE	$ 482	$ 205		$ 13,672	$ 588	$ 4,243	$ 19,190	$ 13,532
ACCOUNTS PAYABLE AND ACCRUALS	1,870	57	$ 40	2,939	47,844	79,047	131,797	95,699
INTERFUND PAYABLES (Note 2)		3					3	2
AMOUNTS HELD IN CUSTODY FOR OTHERS						19,918	19,918	34,334
OTHER		905					905	905
TOTAL LIABILITIES	2,352	1,170	40	16,611	48,432	103,208	171,813	144,472
FUND BALANCES (Note 1):								
RESERVED FOR MEMBER CONTRIBUTIONS (Note 2)				516,733			516,733	450,625
RESERVED FOR EMPLOYER CONTRIBUTIONS (Note 2)				1,228,863			1,228,863	1,008,222
RESERVED FOR CLAIMS INCURRED BUT UNPAID	10,900						10,900	10,175
RESERVED FOR GUARANTEED STUDENT LOANS		1,710					1,710	1,155
RESERVED FOR ASSESSMENT EQUALIZATION AND REAPPRAISAL PROGRAM			3,870				3,870	
UNRESERVED	8,106	3,057	3,203				14,366	12,633
TOTAL FUND BALANCES	19,006	4,767	7,073	1,745,596			1,776,442	1,482,810
TOTAL LIABILITIES AND FUND BALANCES	$21,358	$5,937	$7,113	$1,762,207	$48,432	$103,208	$1,948,255	$1,627,282

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, *EXPENDITURES/*EXPENSES AND CHANGES IN FUND BALANCES
ALL TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	EXPENDABLE TRUST	NONEXPENDABLE TRUST			TOTALS FOR THE YEAR ENDED	
	EMPLOYEE GROUP INSURANCE	STUDENT ASSISTANCE CORPORATION	BOARD OF EQUALIZATION LOAN	PENSION TRUST	JUNE 30, 1980	JUNE 30, 1979
*REVENUES/*OPERATING REVENUES:						
MEMBER CONTRIBUTIONS	*$19,904*			$ 87,071	$ 106,975	$ 100,789
EMPLOYER CONTRIBUTIONS	*24,300*			221,922	246,222	222,836
INTEREST INCOME	*1,292*	$ 246	$ 109	88,836	90,483	74,148
DIVIDEND INCOME				21,608	21,608	16,007
NET GAIN ON SALE OF INVESTMENTS				14,479	14,479	10,087
FEDERAL		1,518			1,518	1,399
OTHER		22			22	18
*TOTAL REVENUES/*OPERATING REVENUES	*45,496*	1,786	109	433,916	481,307	425,284
*EXPENDITURES/*OPERATING EXPENSES:						
BENEFITS	*31,163*			114,730	145,893	134,017
REFUNDS				21,677	21,677	17,613
PAYMENTS TO TIAA-CREF				10,790	10,790	9,873
INSURANCE PREMIUMS	*7,038*				7,038	7,229
GRANTS		5,978	57		6,035	3,741
LOAN CANCELLATIONS		165			165	124
ADMINISTRATIVE FEES	*643*	551			1,194	1,005
*TOTAL EXPENDITURES/*OPERATING EXPENSES	*38,844*	6,694	57	147,197	192,792	173,602
EXCESS OF REVENUES OVER EXPENDITURES/ OPERATING INCOME (LOSS)	*6,652*	(4,908)	52	286,719	288,515	251,682
OTHER FINANCING SOURCES-TRANSFER FROM FORMER PLAN ADMINISTRATOR						4,100
OPERATING TRANSFER FROM GENERAL FUND		5,087			5,087	3,797
OPERATING TRANSFER FROM SPECIAL REVENUE FUND				30	30	37
*EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES/*NET INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	*6,652*	179	52	286,749	293,632	259,616
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE						3,684
*EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES/*NET INCOME	*6,652*	179	52	286,749	293,632	263,300
FUND BALANCES, JULY 1	*12,354*	4,588	7,021	1,458,847	1,482,810	1,217,852
EQUITY TRANSFER FROM GENERAL FUND						1,658
FUND BALANCES, JUNE 30	*$19,006*	$4,767	$7,073	$1,745,596	$1,776,442	$1,482,810

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
NONEXPENDABLE AND PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	NONEXPENDABLE TRUST			TOTALS FOR THE YEAR ENDED	
	STUDENT ASSISTANCE CORPORATION	BOARD OF EQUALIZATION LOAN	PENSION TRUST	JUNE 30, 1980	JUNE 30, 1979
SOURCES OF WORKING CAPITAL:					
WORKING CAPITAL PROVIDED BY NET INCOME FROM OPERATIONS	$179	$ 52	$286,749	$286,980	$260,167
EQUITY TRANSFER FROM GENERAL FUND					1,658
NET INCREASE IN WORKING CAPITAL	$179	$ 52	$286,749	$286,980	$261,825
ELEMENTS OF NET INCREASE IN WORKING CAPITAL:					
CASH	$322	$1,199	$ 26,282	$ 27,803	$ 2,109
INVESTMENTS			262,692	262,692	250,380
RECEIVABLES	(9)	(1,107)	2,152	1,036	4,881
INTERFUND RECEIVABLES			(59)	(59)	2,235
WARRANTS PAYABLE	(118)	(40)	(3,713)	(3,871)	4,598
ACCOUNTS PAYABLE AND ACCRUALS	(15)		(605)	(620)	(2,376)
INTERFUND PAYABLES	(1)			(1)	(2)
NET INCREASE IN WORKING CAPITAL	$179	$ 52	$286,749	$286,980	$261,825

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	BALANCE JULY 1, 1979	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1980
LOCAL GOVERNMENT FUND ASSETS				
CASH AND CASH EQUIVALENTS	$ 46,703	$ 482,521	$ 480,792	$ 48,432
LIABILITIES				
WARRANTS PAYABLE	$ 1,024	$ 475,679	$ 476,115	$ 588
DUE TO OTHER GOVERNMENTS	45,679	482,521	480,356	47,844
TOTAL LIABILITIES	$ 46,703	$ 958,200	$ 956,471	$ 48,432
CONTINGENT REVENUE FUND ASSETS				
CASH AND CASH EQUIVALENTS	$ 75,823	$ 868,172	$ 858,555	$ 85,440
DUE FROM OTHER GOVERNMENTS		13,572		13,572
INTERFUND RECEIVABLES (Note 2)	6,458	4,196	6,458	4,196
TOTAL ASSETS	$ 82,281	$ 885,940	$ 865,013	$103,208
LIABILITIES				
WARRANTS PAYABLE	$ 1,391	$ 288,056	$ 285,204	$ 4,243
DUE TO OTHER GOVERNMENTS	46,556	311,567	279,076	79,047
AMOUNTS HELD IN CUSTODY FOR OTHERS	34,334	572,389	586,805	19,918
TOTAL LIABILITIES	$ 82,281	$1,172,012	$1,151,085	$103,208
TOTALS-ALL AGENCY FUNDS ASSETS				
CASH AND CASH EQUIVALENTS	$122,526	$1,350,693	$1,339,347	$133,872
DUE FROM OTHER GOVERNMENTS		13,572		13,572
INTERFUND RECEIVABLES (Note 2)	6,458	4,196	6,458	4,196
TOTAL ASSETS	$128,984	$1,368,461	$1,345,805	$151,640
LIABILITIES				
WARRANTS PAYABLE	$ 2,415	$ 763,735	$ 761,319	$ 4,831
DUE TO OTHER GOVERNMENTS	92,235	794,088	759,432	126,891
AMOUNTS HELD IN CUSTODY FOR OTHERS	34,334	572,389	586,805	19,918
TOTAL LIABILITIES	$128,984	$2,130,212	$2,107,556	$151,640

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
NARRATIVE EXPLANATIONS
ALL TRUST AND AGENCY FUNDS
JUNE 30, 1980

The Trust and Agency Funds are used to account for assets held by the state in a fiduciary capacity. Trust funds include the Employee Group Insurance Fund, the Student Assistance Corporation Fund, the Board of Equalization Loan Fund and the Pension Trust Fund. The Local Government Fund and the Contingent Revenue Fund are agency funds.

Trust Funds:

Employee Group Insurance Fund - Established in January 1978, this fund is used to account for transactions pertaining to the state's self-insured group medical plan. Prior to 1978 medical insurance was provided by a private carrier. Group life and accident insurance premiums paid to a private insurance company are also recorded in this fund.

Student Assistance Corporation Fund - This fund is used to account for the operations of the Tennessee Student Assistance Corporation (TSAC), a nonprofit organization created to administer loan and grant programs to students attending higher education institutions. TSAC was established in 1974 to (1) guarantee loans made to eligible students, (2) administer state awards of financial assistance to eligible students, and (3) administer the nursing and medical loan scholarship programs.

Board of Equalization Loan Fund - This fund was created in 1963 to account for state loans to city and county governments for a program of assessment, reassessment or equalization of property taxes. In 1967 the program was expanded to enable grants also to be made for these purposes. Cash in the fund not needed for loans or grants may be transferred to other state activities by legislative act.

Pension Trust Fund - The Tennessee Consolidated Retirement System was established in July 1972 superseding seven former retirement systems. The accounts of each superseded system were transferred to the new system wherein separate accounting is maintained for assets and liabilities attributable to the various classes of members and beneficiaries. Benefits under the system are funded by contributions of members and employers. The level of contributions is determined by actuarial valuation, the latest having been performed as of June 30, 1979. As of that date there were 138,879 active members and 32,213 retired members representing a 4.6% and 20.5% increase, respectively, since the previous actuarial valuation in 1977.

Agency Funds:

Local Government Fund - The purpose of the Local Government Fund is to serve as a clearing mechanism for state-shared taxes and other funds distributed to the various counties and cities of the state.

Contingent Revenue Fund - This fund is used to account for unearned federal revenues, refundable deposits and other receipts held in trust until the state has the right to transfer them to operating funds or until there is proper authorization to disburse them directly to others.

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is maintained to account for fixed assets acquired for general governmental purposes. These include all fixed assets except those of the Enterprise, Internal Service and College and University Funds.

STATE OF TENNESSEE
STATEMENT OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
JUNE 30, 1980

(Expressed in Thousands)

FUNCTION AND ACTIVITY	LAND	STRUCTURES AND IMPROVEMENTS	MACHINERY AND EQUIPMENT	TOTAL
GENERAL GOVERNMENT:				
LEGISLATIVE			$ 2,144	$ 2,144
CONSTITUTIONAL OFFICES			391	391
ADMINISTRATION	$15,721	$ 63,606	2,027	81,354
REVENUE	3	1,925	1,480	3,408
TOTAL GENERAL GOVERNMENT	15,724	65,531	6,042	87,297
EDUCATION	677	37,224	55,320	93,221
HEALTH AND SOCIAL SERVICES:				
VETERANS AFFAIRS			25	25
EMPLOYMENT SECURITY	562	2,847	2,540	5,949
MENTAL HEALTH AND MENTAL RETARDATION	1,814	109,721	24,005	135,540
PUBLIC HEALTH	155	13,515	6,811	20,481
HUMAN SERVICES	26	819	7,394	8,239
TOTAL HEALTH AND SOCIAL SERVICES	2,557	126,902	40,775	170,234
LAW, JUSTICE AND PUBLIC SAFETY:				
JUDICIAL		4	1,397	1,401
CORRECTION	2,021	63,915	5,647	71,583
MILITARY	240	20,514	2,339	23,093
SAFETY	150	2,656	9,012	11,818
TOTAL LAW, JUSTICE AND PUBLIC SAFETY	2,411	87,089	18,395	107,895
RECREATION AND RESOURCES DEVELOPMENT:				
AGRICULTURE	189	1,998	841	3,028
TOURIST DEVELOPMENT			117	117
CONSERVATION	23,706	56,235	10,126	90,067
WILDLIFE RESOURCES	5,368	4,640	3,228	13,236
ECONOMIC AND COMMUNITY DEVELOPMENT			807	807
TOTAL RECREATION AND RESOURCES DEVELOPMENT	29,263	62,873	15,119	107,255
REGULATION OF BUSINESS AND PROFESSIONS:				
INSURANCE			218	218
BANKING			18	18
LABOR	1	45	346	392
TOTAL REGULATION OF BUSINESS AND PROFESSIONS	1	45	582	628
TRANSPORTATION	1,149	16,858	43,508	61,515
TOTAL GENERAL FIXED ASSETS ALLOCATED TO FUNCTIONS	$51,782	$396,522	$179,741	628,045
CONSTRUCTION IN PROGRESS				188,062
TOTAL GENERAL FIXED ASSETS (Notes 1 and 2)				$816,107

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

FUNCTION AND ACTIVITY	GENERAL FIXED ASSETS, JULY 1, 1979, AS RESTATED	ADDITIONS	RETIREMENTS	GENERAL FIXED ASSETS, JUNE 30, 1980
GENERAL GOVERNMENT:				
LEGISLATIVE	$ 2,404	$ 86	($ 346)	$ 2,144
CONSTITUTIONAL OFFICES	679	259	(547)	391
ADMINISTRATION	75,883	6,964	(1,493)	81,354
REVENUE	3,695	621	(908)	3,408
TOTAL GENERAL GOVERNMENT	82,661	7,930	(3,294)	87,297
EDUCATION	107,254	7,138	(21,171)	93,221
HEALTH AND SOCIAL SERVICES:				
VETERANS AFFAIRS	48	11	(34)	25
EMPLOYMENT SECURITY	7,137	308	(1,496)	5,949
MENTAL HEALTH AND MENTAL RETARDATION	137,417	7,945	(9,822)	135,540
PUBLIC HEALTH	26,035	2,049	(7,603)	20,481
HUMAN SERVICES	10,335	822	(2,918)	8,239
TOTAL HEALTH AND SOCIAL SERVICES	180,972	11,135	(21,873)	170,234
LAW, JUSTICE AND PUBLIC SAFETY:				
JUDICIAL	1,902	1,714	(2,215)	1,401
CORRECTION	65,940	8,479	(2,836)	71,583
MILITARY	20,674	2,777	(358)	23,093
SAFETY	12,027	2,464	(2,673)	11,818
TOTAL LAW, JUSTICE AND PUBLIC SAFETY	100,543	15,434	(8,082)	107,895
RECREATION AND RESOURCES DEVELOPMENT:				
AGRICULTURE	2,734	532	(238)	3,028
TOURIST DEVELOPMENT	133	66	(82)	117
CONSERVATION	80,728	12,449	(3,110)	90,067
WILDLIFE RESOURCES	12,812	1,365	(941)	13,236
ECONOMIC AND COMMUNITY DEVELOPMENT	125	835	(153)	807
TOTAL RECREATION AND RESOURCES DEVELOPMENT	96,532	15,247	(4,524)	107,255
REGULATION OF BUSINESS AND PROFESSIONS:				
INSURANCE	434	136	(352)	218
BANKING	57	5	(44)	18
LABOR	300	284	(192)	392
TOTAL REGULATION OF BUSINESS AND PROFESSIONS	791	425	(588)	628
TRANSPORTATION	61,264	4,175	(3,924)	61,515
CONSTRUCTION IN PROGRESS	176,822	45,035	(33,795)	188,062
TOTAL GENERAL FIXED ASSETS (Notes 1 and 2)	$806,839	$106,519	($97,251)	$816,107

See accompanying Notes to the Financial Statements.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-Term Debt Account Group is maintained to account for the outstanding principal balances of the State's general obligation bonds.

STATE OF TENNESSEE
STATEMENT OF CHANGES IN GENERAL LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	BALANCE JULY 1, 1979	GENERAL OBLIGATION BONDS ISSUED	GENERAL OBLIGATION BONDS RETIRED	DEBT SERVICE FUND		BALANCE JUNE 30, 1980
				OPERATIONS	CAPITAL OUTLAY RESERVE	
AMOUNT AVAILABLE IN DEBT SERVICE FUND	$ 2,461			$14,560	($14,200)	$ 2,821
AMOUNT TO BE PROVIDED FOR RETIREMENT OF LONG-TERM DEBT	648,269	-	$47,710	(14,560)	14,200	600,199
TOTAL AVAILABLE AND TO BE PROVIDED	$650,730	-	$47,710	$ -	$ -	$603,020
GENERAL OBLIGATION DEBT PAYABLE (Note 3)	$650,730	-	$47,710	$ -	$ -	$603,020

See accompanying Notes to the Financial Statements.

COLLEGE AND UNIVERSITY FUNDS

The College and University Funds are maintained to account for all transactions relating to institutions of higher education.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL COLLEGE AND UNIVERSITY CURRENT FUNDS
JUNE 30, 1980

(Expressed in Thousands)

	UNRESTRICTED				TOTALS	
	GENERAL	AUXILIARY ENTERPRISES AND HOSPITALS	TOTAL	RESTRICTED	JUNE 30, 1980	JUNE 30, 1979
CASH AND CASH EQUIVALENTS	$ 89,886	$ 6,430	$ 96,316	$ 85	$ 96,401	$ 85,413
INVESTMENTS, at cost				84	84	362
ACCOUNTS RECEIVABLE, net of allowance for uncollectibles of $10,404 in 1980 and $5,316 in 1979 (Note 1)	7,419	18,403	25,822	29,023	54,845	50,030
NOTES RECEIVABLE				9	9	13
INTERFUND RECEIVABLES (Note 2)	4,903	5,916	10,819	33	10,852	6,208
INVENTORIES, at cost	5,385	8,694	14,079	44	14,123	12,736
DEFERRED CHARGES	956	22	978		978	503
OTHER ASSETS	373		373	4	377	6
TOTAL ASSETS	$108,922	$39,465	$148,387	$29,282	$177,669	$155,271
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
ACCOUNTS PAYABLE	$ 12,609	$ 3,079	$ 15,688	$ 1,142	$ 16,830	$ 15,041
ACCRUED LIABILITIES	12,985	426	13,411		13,411	11,897
INTERFUND PAYABLES (Note 2)	29,456	2,600	32,056	2,576	34,632	25,887
DEPOSITS AND ADVANCE PAYMENTS	1,286	252	1,538		1,538	1,410
DEFERRED REVENUE	9,841	6,683	16,524	5	16,529	12,637
OTHER	2,886	19	2,905		2,905	2,388
TOTAL LIABILITIES	69,063	13,059	82,122	3,723	85,845	69,260
FUND BALANCES:						
ALLOCATED:						
NON-DISCRETIONARY:						
ALLOCATION FOR WORKING CAPITAL	12,596	27,146	39,742		39,742	33,079
ALLOCATION FOR ENCUMBRANCES	6,091	234	6,325		6,325	5,225
OTHER ALLOCATIONS	1,819		1,819	25,559	27,378	26,568
DISCRETIONARY	12,606	1,761	14,367		14,367	12,104
UNALLOCATED	6,747	(2,735)	4,012		4,012	9,035
TOTAL FUND BALANCES	39,859	26,406	66,265	25,559	91,824	86,011
TOTAL LIABILITIES AND FUND BALANCES	$108,922	$39,465	$148,387	$29,282	$177,669	$155,271

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
ALL COLLEGE AND UNIVERSITY CURRENT FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	UNRESTRICTED	RESTRICTED	TOTALS FOR THE YEAR ENDED JUNE 30, 1980	TOTALS FOR THE YEAR ENDED JUNE 30, 1979
REVENUES AND OTHER ADDITIONS:				
UNRESTRICTED REVENUES:				
GENERAL	$402,594		$402,594	$357,396
AUXILIARY ENTERPRISE AND HOSPITAL	131,627		131,627	117,737
RESTRICTED GIFTS, GRANTS AND CONTRACTS		$137,406	137,406	120,072
OTHER ADDITIONS		1,408	1,408	681
TOTAL REVENUES AND OTHER ADDITIONS	534,221	138,814	673,035	595,886
EXPENDITURES AND OTHER DEDUCTIONS:				
EDUCATIONAL AND GENERAL EXPENDITURES	389,375	124,916	514,291	459,806
AUXILIARY ENTERPRISE AND HOSPITAL EXPENDITURES	113,877	2,081	115,958	102,156
INDIRECT COSTS RECOVERED		9,476	9,476	8,814
REFUNDS TO GRANTORS		1,999	1,999	1,434
OTHER DEDUCTIONS	1,315	148	1,463	724
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	504,567	138,620	643,187	572,934
TRANSFERS AMONG FUNDS - (DEDUCTIONS)	(23,591)	(444)	(24,035)	(14,863)
NET INCREASE (DECREASE) IN FUND BALANCES	6,063	(250)	5,813	8,089
FUND BALANCES, JULY 1	60,202	25,809	86,011	77,922
FUND BALANCES, JUNE 30	$ 66,265	$ 25,559	$ 91,824	$ 86,011

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
ALL COLLEGE AND UNIVERSITY CURRENT FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	UNRESTRICTED	RESTRICTED	TOTALS FOR THE YEAR ENDED JUNE 30, 1980	TOTALS FOR THE YEAR ENDED JUNE 30, 1979
REVENUES:				
TUITION AND FEES	$ 76,529		$ 76,529	$ 69,145
FEDERAL APPROPRIATIONS	14,696		14,696	12,491
STATE APPROPRIATIONS (Note 1)	268,252	$ 22,541	290,793	261,899
LOCAL APPROPRIATIONS	923		923	858
FEDERAL GRANTS AND CONTRACTS	8,218	59,485	67,703	55,181
STATE GRANTS AND CONTRACTS	782	26,498	27,280	23,581
LOCAL GRANTS AND CONTRACTS	1,659	3,023	4,682	2,835
PRIVATE GIFTS, GRANTS AND CONTRACTS	2,008	11,948	13,956	13,112
ENDOWMENT INCOME	54	1,614	1,668	1,011
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	14,210		14,210	11,867
SALES AND SERVICES OF AUXILIARY ENTERPRISES AND HOSPITALS	131,627	1,888	133,515	117,958
OTHER SOURCES	15,263		15,263	13,550
TOTAL CURRENT REVENUES	534,221	126,997	661,218	583,488
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	190,722	42,679	233,401	207,389
RESEARCH	15,215	33,782	48,997	41,346
PUBLIC SERVICE	19,514	19,509	39,023	34,692
ACADEMIC SUPPORT	42,827	6,833	49,660	44,070
STUDENT SERVICES	29,225	4,237	33,462	31,034
INSTITUTIONAL SUPPORT	43,818	6,079	49,897	47,123
OPERATION AND MAINTENANCE OF PLANT	44,763	3,274	48,037	43,620
SCHOLARSHIPS AND FELLOWSHIPS	3,291	8,455	11,746	10,384
OTHER		68	68	148
EDUCATIONAL AND GENERAL EXPENDITURES	389,375	124,916	514,291	459,806
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	303		303	205
LOAN FUND MATCHING GRANT	215		215	224
NON-MANDATORY TRANSFERS FOR PLANT FUNDS	8,397		8,397	2,524
TOTAL EDUCATIONAL AND GENERAL	398,290	124,916	523,206	462,759
AUXILIARY ENTERPRISES AND HOSPITALS:				
EXPENDITURES	113,877	2,081	115,958	102,156
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	8,161		8,161	8,151
RENEWALS AND REPLACEMENTS	5		5	5
NON-MANDATORY TRANSFERS FOR PLANT FUNDS	6,579		6,579	3,225
TOTAL AUXILIARY ENTERPRISES AND HOSPITALS	128,622	2,081	130,703	113,537
TOTAL EXPENDITURES AND TRANSFERS	526,912	126,997	653,909	576,296
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):				
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		11,817	11,817	11,754
INDIRECT COSTS RECOVERED		(9,476)	(9,476)	(8,814)
REFUNDS TO GRANTORS		(1,999)	(1,999)	(1,434)
TRANSFERS FROM (TO) OTHER FUNDS	69	(444)	(375)	(529)
MISCELLANEOUS	(1,315)	(148)	(1,463)	(80)
NET INCREASE (DECREASE) IN FUND BALANCES	$ 6,063	($ 250)	$ 5,813	$ 8,089

See accompanying Notes to the Financial
Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL COLLEGE AND UNIVERSITY FIDUCIARY FUNDS
JUNE 30, 1980

(Expressed in Thousands)

				TOTALS	
ASSETS	LOAN	ENDOWMENT AND SIMILAR	AGENCY	JUNE 30, 1980	JUNE 30, 1979
CASH AND CASH EQUIVALENTS	$ 3,236	$ 2,771	$ 570	$ 6,577	$ 5,508
INVESTMENTS, at cost or amortized cost	95	29,372		29,467	25,349
ACCOUNTS RECEIVABLE		167	836	1,003	389
NOTES RECEIVABLE, net of allowance for uncollectibles of $542 in 1980 and $309 in 1979	34,637	724		35,361	33,561
INTERFUND RECEIVABLES (Note 2)	144	1	79	224	633
OTHER ASSETS	26	1,551	11	1,588	1,027
TOTAL ASSETS	$38,138	$34,586	$1,496	$74,220	$66,467
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE			$ 19	$ 19	$ 6
INTERFUND PAYABLES (Note 2)	$ 22	$ 11	368	401	76
NOTES PAYABLE (Note 3)		32		32	48
AMOUNTS HELD IN CUSTODY FOR OTHERS			1,109	1,109	1,375
TOTAL LIABILITIES	22	43	1,496	1,561	1,505
FUND BALANCES (Note 1):					
U.S. GOVERNMENT GRANTS REFUNDABLE	32,187			32,187	30,680
INSTITUTIONAL FUNDS - RESTRICTED	5,912			5,912	5,629
ENDOWMENT		21,776		21,776	17,240
TERM ENDOWMENT		6		6	6
LIFE INCOME		11,238		11,238	10,522
INSTITUTIONAL FUNDS - UNRESTRICTED	17			17	23
QUASI-ENDOWMENT		1,523		1,523	862
TOTAL FUND BALANCES	38,116	34,543		72,659	64,962
TOTAL LIABILITIES AND FUND BALANCES	$38,138	$34,586	$1,496	$74,220	$66,467

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
ALL COLLEGE AND UNIVERSITY FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

			TOTALS FOR THE YEAR ENDED	
	LOAN	ENDOWMENT AND SIMILAR	JUNE 30, 1980	JUNE 30, 1979
REVENUES AND OTHER ADDITIONS:				
RESTRICTED GIFTS AND GRANTS	$ 338	$ 4,971	$ 5,309	$ 4,051
INVESTMENT AND INTEREST INCOME	636	1,699	2,335	1,308
GOVERNMENTAL GRANTS AND CONTRACTS	2,690		2,690	2,251
OTHER ADDITIONS	100	9	109	60
TOTAL REVENUES AND OTHER ADDITIONS	3,764	6,679	10,443	7,670
EXPENDITURES AND OTHER DEDUCTIONS:				
REFUNDS TO GRANTORS	358		358	6
ADMINISTRATIVE COSTS	188		188	180
LOAN CANCELLATIONS	717		717	579
PAYMENTS TO BENEFICIARIES		744	744	569
OTHER DEDUCTIONS	933	39	972	358
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	2,196	783	2,979	1,692
TRANSFER AMONG FUNDS - ADDITIONS	216	17	233	217
NET INCREASE IN FUND BALANCES	1,784	5,913	7,697	6,195
FUND BALANCES, JULY 1	36,332	28,630	64,962	58,767
FUND BALANCES, JUNE 30	$38,116	$34,543	$72,659	$64,962

See accompanying Notes to the Financial
Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL COLLEGE AND UNIVERSITY PLANT FUNDS
JUNE 30, 1980

(Expressed in Thousands)

ASSETS	UNEXPENDED	RENEWAL AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	TOTALS JUNE 30, 1980	TOTALS JUNE 30, 1979
CASH AND CASH EQUIVALENTS	$ 12,879	$1,609	$ 7,535		$ 22,023	$ 22,094
CASH ON DEPOSIT WITH FISCAL AGENTS		882	16,055		16,937	15,799
INVESTMENTS, at cost or amortized cost	4,500				4,500	
ACCOUNTS RECEIVABLE	344	7	94		445	271
AUTHORIZED CONSTRUCTION PROJECTS	77,296				77,296	71,829
INTERFUND RECEIVABLES (Note 2)	11,955	606	6,000		18,561	11,943
LAND, at cost				$ 45,960	45,960	44,809
BUILDINGS, at cost				734,457	734,457	704,256
IMPROVEMENTS OTHER THAN BUILDINGS, at cost				37,038	37,038	32,707
EQUIPMENT, at cost				158,985	158,985	147,617
LIBRARY BOOKS, at cost				40,718	40,718	38,349
LIVESTOCK, at market				1,974	1,974	1,685
CONSTRUCTION IN PROGRESS, at cost				22,436	22,436	9,390
OTHER ASSETS	62	14	215	143	434	472
TOTAL ASSETS	$107,036	$3,118	$29,899	$1,041,711	$1,181,764	$1,101,221
LIABILITIES AND FUND EQUITY						
LIABILITIES:						
ACCOUNTS PAYABLE	$ 3,053				$ 3,053	$ 995
INTERFUND PAYABLES (Note 2)	25		$ 35	$ 210	270	79
NOTES PAYABLE (Note 3)	500			16,205	16,705	1,913
BONDS PAYABLE (Note 3)	1,545			180,259	181,804	186,352
TOTAL LIABILITIES	5,123		35	196,674	201,832	189,339
FUND EQUITY:						
NET INVESTMENT IN PLANT				845,037	845,037	792,736
FUND BALANCES:						
RESTRICTED (Note 1)	75,541	$2,521	15,615		93,677	105,187
UNRESTRICTED	26,372	597	14,249		41,218	13,959
TOTAL FUND EQUITY	101,913	3,118	29,864	845,037	979,932	911,882
TOTAL LIABILITIES AND FUND EQUITY	$107,036	$3,118	$29,899	$1,041,711	$1,181,764	$1,101,221

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FUND EQUITY
ALL COLLEGE AND UNIVERSITY PLANT FUNDS
FOR THE YEAR ENDED JUNE 30, 1980

(Expressed in Thousands)

	UNEXPENDED	RENEWAL AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	TOTALS FOR THE YEAR ENDED	
					JUNE 30, 1980	JUNE 30, 1979
REVENUES AND OTHER ADDITIONS:						
RESTRICTED GIFTS, GRANTS AND CONTRACTS	$ 13,405	$ 69	$ 53	$ 79	$ 13,606	$ 3,280
INTEREST INCOME	1,290	152	2,349		3,791	2,992
GOVERNMENTAL GRANTS	207		415		622	3,481
STUDENT DEBT SERVICE FEES		28	4,237		4,265	4,055
GOVERNMENTAL APPROPRIATIONS	31,119		829		31,948	38,926
EXPENDED FOR PLANT FACILITIES				69,634	69,634	61,113
RETIREMENT OF INDEBTEDNESS				4,246	4,246	4,191
OTHER ADDITIONS	546	182	264	13,362	14,354	8,080
TOTAL REVENUES AND OTHER ADDITIONS	46,567	431	8,147	87,321	142,466	126,118
EXPENDITURES AND OTHER DEDUCTIONS:						
EXPENDED FOR PLANT FACILITIES	47,231	311			47,542	39,590
RETIREMENT OF INDEBTEDNESS			4,069		4,069	4,014
INTEREST PAYMENTS			10,603		10,603	10,761
DISPOSAL OF PLANT FACILITIES				10,533	10,533	14,420
NOTES ISSUED				15,004	15,004	
OTHER DEDUCTIONS	895	5	84	9,483	10,467	1,779
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	48,126	316	14,756	35,020	98,218	70,564
TRANSFERS AMONG FUNDS - ADDITIONS	14,401	238	9,163		23,802	14,646
NET INCREASE IN FUND EQUITY	12,842	353	2,554	52,301	68,050	70,200
FUND EQUITY, JULY 1	89,071	2,765	27,310	792,736	911,882	841,682
FUND EQUITY, JUNE 30	$101,913	$3,118	$29,864	$845,037	$979,932	$911,882

See accompanying Notes to the Financial Statements and Narrative Explanations.

STATE OF TENNESSEE
NARRATIVE EXPLANATIONS
ALL COLLEGE AND UNIVERSITY FUNDS
JUNE 30, 1980

The College and University Funds are used to account for all transactions relating to public institutions of higher education. These include seven universities, ten community colleges and four technical institutes. These institutions maintain their own financial records which are not a part of the central accounting system operated by the Department of Finance and Administration.

Three governing boards are responsible for the operations of these institutions - the University of Tennessee Board of Trustees, the State Board of Regents and the State Board for Vocational Education. Coordination among these boards for such things as budgetary and capital outlay requests, the need for and location of new higher education institutions, and the approval of new academic and degree programs is provided by the Tennessee Higher Education Commission.

The University of Tennessee Board of Trustees - The University of Tennessee was first established in 1794 by the Legislature of the Federal Territory. Since that time it has grown into an institution of twenty-four different colleges and schools. The locations of its four primary campuses, various experimental stations and extension services have made the university state-wide in physical presence as well as in services. The main campus is located in Knoxville. The other primary campuses are located in Memphis, Martin and Chattanooga. Effective July 1, 1979 the campus located in Nashville was merged with Tennessee State University.

The State Board of Regents - The State University and Community College System of Tennessee was created by the General Assembly in 1972. Its member institutions (six universities and ten community colleges) serve the state and its citizenry by providing postsecondary education opportunities, research, continuing education and public activities. As a system, the institutions span the State and operate as a coordinated network of public higher education with each campus offering unique characteristics and services. The system consists of the following institutions:

UNIVERSITIES

Austin Peay State University	Clarksville	Middle Tennessee State University	Murfreesboro
East Tennessee State University	Johnson City	Tennessee State University	Nashville
Memphis State University	Memphis	Tennessee Technological University	Cookeville

COMMUNITY COLLEGES

Chattanooga State Technical Community College	Chattanooga	Motlow State Community College	Tullahoma
Cleveland State Community College	Cleveland	Roane State Community College	Harriman
Columbia State Community College	Columbia	Shelby State Community College	Memphis
Dyersburg State Community College	Dyersburg	Volunteer State Community College	Gallatin
Jackson State Community College	Jackson	Walters State Community College	Morristown

The community college movement is relatively new in Tennessee. Emerging from legislative study in the early 1960's, nine of the ten existing colleges were established by the General Assembly between 1965 and 1969. The locations of these institutions were determined by population need patterns. An act of the 1973 General Assembly changed the Chattanooga State Technical Institute to Chattanooga State Technical Community College, representing the 10th community college in the state. A broad range of two-year associate degree programs and one-to-two year certificate of proficiency programs are offered by each college.

The State Board for Vocational Education - The state technical institutes are governed by the State Board for Vocational Education. The state Department of Education provides necessary administrative support. The names and locations of the state technical institutes are:

Nashville State Technical Institute	Nashville	State Technical Institute at Memphis	Memphis
State Technical Institute at Knoxville	Knoxville	Tri-Cities State Technical Institute	Blountville

Various two-year associate degree programs are available at the technical institutes. In addition, special industrial and community service courses are offered as the demand arises from interested groups.

STATISTICAL DATA

The Statistical Data give report users a better historical perspective and assist in assessing current financial status and trends of the governmental unit.

TABLE I

STATE OF TENNESSEE
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

FUNCTION	FOR THE YEAR ENDED JUNE 30									
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
GENERAL GOVERNMENT	$ 33,227	$ 39,314	$ 53,242	$ 67,319	$ 83,033	$ 86,741	$ 141,814	$ 142,727	$ 134,539	$ 174,117
EDUCATION	465,933	508,913	565,137	632,205	738,277	782,838	856,288	968,360	1,117,499	1,230,510
HEALTH AND SOCIAL SERVICES	353,843	396,122	429,033	453,820	652,596	817,289	824,168	901,046	973,808	1,197,936
LAW, JUSTICE AND PUBLIC SAFETY	40,468	48,238	52,846	62,337	72,563	82,143	99,592	115,607	128,982	145,516
RECREATION AND RESOURCES DEVELOPMENT	21,065	22,356	27,855	33,765	38,763	39,662	44,994	53,427	56,941	64,538
REGULATION OF BUSINESS AND PROFESSIONS	3,749	3,889	4,941	6,536	7,255	7,920	9,900	11,786	12,722	13,808
TRANSPORTATION	236,431	241,546	236,181	263,445	315,726	386,838	329,844	311,769	392,202	479,599
DEBT SERVICE	28,228	34,554	41,243	40,747	47,037	56,518	76,566	80,748	80,873	78,104
CAPITAL OUTLAY	55,887	43,399	37,261	56,315	104,834	153,012	110,395	91,003	91,620	89,383
TOTAL EXPENDITURES-ALL GOVERNMENTAL FUND TYPES	$1,238,831	$1,338,331	$1,447,739	$1,616,489	$2,060,084	$2,412,961	$2,493,561	$2,676,473	$2,989,186	$3,473,511

TABLE II

STATE OF TENNESSEE
REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

SOURCE	FOR THE YEAR ENDED JUNE 30									
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
TAXES	$ 682,945	$ 833,787	$ 957,233	$1,050,651	$1,101,695	$1,222,295	$1,466,407	$1,687,041	$1,845,166	$1,891,741
LICENSES, FEES AND PERMITS	17,643	20,038	21,488	22,801	24,003	27,042	29,095	33,688	35,602	38,260
INTEREST ON INVESTMENTS	19,746	19,436	23,624	43,209	56,999	41,468	33,586	39,137	67,732	92,012
FEDERAL	399,059	425,924	474,057	451,860	567,473	785,195	804,226	859,534	955,234	1,150,746
DEPARTMENTAL SERVICES	50,705	60,687	86,083	84,203	102,630	114,423	131,167	139,126	140,296	170,570
OTHER	1,302	1,945	2,110	4,192	1,429	3,040	4,503	5,580	5,246	10,083
TOTAL REVENUES-ALL GOVERNMENTAL FUND TYPES	$1,171,400	$1,361,817	$1,564,595	$1,656,916	$1,854,229	$2,193,463	$2,468,984	$2,764,106	$3,049,276	$3,353,412

TABLE III

STATE OF TENNESSEE
TAX REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

TAX REVENUES	FOR THE YEAR ENDED JUNE 30									
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
SALES AND USE	$240,223	$326,732	$370,905	$ 415,339	$ 440,671	$ 516,214	$ 690,079	$ 785,143	$ 886,515	$ 924,007
GASOLINE	72,886	78,765	84,402	88,008	88,110	92,302	96,153	99,101	103,003	94,167
MOTOR FUEL	8,498	10,354	12,328	13,633	12,669	14,363	16,271	18,104	20,005	19,646
GASOLINE INSPECTION	24,583	26,305	28,754	29,726	29,924	30,597	22,202	23,398	23,961	20,062
MOTOR VEHICLE REGISTRATION	57,728	62,270	68,508	73,503	73,440	77,906	85,809	84,301	89,894	90,761
INCOME	8,720	9,646	10,665	11,719	13,138	15,759	15,791	17,368	18,181	21,403
PRIVILEGE	9,242	9,059	13,504	14,331	12,895	17,099	21,218	25,385	28,407	28,473
GROSS RECEIPTS	15,074	19,401	20,329	24,396	30,056	37,820	38,463	66,581	71,616	77,051
ALCOHOLIC BEVERAGE	14,857	15,074	18,393	19,063	19,768	20,802	21,294	22,249	22,745	23,217
FRANCHISE	19,758	24,607	24,396	27,316	29,826	31,267	32,249	37,749	41,001	43,938
EXCISE	59,499	77,804	102,978	112,974	126,715	128,621	156,042	170,848	186,089	198,222
INHERITANCE AND ESTATE	19,574	26,781	31,488	29,611	27,538	30,683	41,247	57,588	37,493	28,307
TOBACCO	53,448	56,050	58,103	61,248	62,820	65,896	67,829	70,767	72,029	73,819
INSURANCE COMPANIES PREMIUM	23,009	25,692	28,624	31,816	34,483	37,657	43,525	50,033	55,444	60,006
UNEMPLOYMENT INSURANCE	45,891	52,414	69,326	80,971	80,417	84,826	95,678	133,589	164,964	161,844
OTHER	9,955	12,833	14,530	16,997	19,225	20,483	22,557	24,837	23,819	26,818
TOTAL TAX REVENUES-ALL GOVERNMENTAL FUND TYPES	$682,945	$833,787	$957,233	$1,050,651	$1,101,695	$1,222,295	$1,466,407	$1,687,041	$1,845,166	$1,891,741

STATE OF TENNESSEE
DESCRIPTION OF TAX SOURCES
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 1980

Presented below is a brief description of the state's principal tax sources as shown in the preceding table. Since portions of some of these taxes are ultimately distributed to local governments, the preceding table reflects only those tax collections retained for state purposes.

SALES AND USE TAX - The retail sales and use tax, imposed in 1947, has become the state's leading source of revenue. From enactment until 1963, the general sales tax rate was 2%. In 1963 the rate became 3% and was changed to 3.5% in 1969. Effective April 1, 1976 the rate was temporarily raised to 4.5%. This temporary rate increase has been extended through June 30, 1981. The tax is applied to the sale, use, consumption, distribution, lease or rental of tangible personal property. Certain services, including charges for transient accommodations, storage and parking, and telephone service for regular subscribers are also subject to sales tax. Utilities and anti-pollution equipment are taxed at rates ranging from 1% to 1.5%. Political subdivisions, governmental agencies, charitable and religious groups, non-profit organizations and certain items of tangible personal property including drugs are exempt.

GASOLINE TAX - The gasoline tax was first enacted in 1923. The tax is levied at the rate of 7¢ on each gallon of gasoline or distillate refined, manufactured, sold, stored or distributed in Tennessee, as well as gasoline or distillate imported into the state. Refunds are granted on gasoline used for agricultural purposes, while political subdivisions and governmental agencies are exempt.

MOTOR FUEL TAX - The motor fuel tax was enacted in 1941. The tax is imposed at the rate of 8¢ per gallon on the sale of diesel fuel and 7¢ per gallon on liquified petroleum gas used to propel vehicles on the public highways. Exemptions applicable to the gasoline tax are also generally applicable to the motor fuel tax.

GASOLINE INSPECTION FEE - The gasoline inspection fee was first enacted in 1899 for the purpose of assuring that gasoline and oil sold in the state met certain minimum standards. Currently, the rate is 1¢ per gallon on volatile substances having certain gravity level which are produced from petroleum, natural gas, oil shales or coal.

MOTOR VEHICLE REGISTRATION FEES - Since 1905 a fee has been charged for the registration of all motor vehicles. Vehicles for personal use are charged $17.75. The fee for motorcyles is $8.75. Motor freight vehicles are charged fees ranging from $30 to $1,035.

INCOME TAX - Although Tennessee does not levy a general personal income tax, income derived from dividends and interest on stocks and bonds has been subject to tax since 1929. The tax rate is 6% on dividends from stocks and interest on bonds, except that the rate is only 4% on dividends from companies having more than 75% of their corporate property within the state. Blind persons, pension trusts, profit-sharing trusts and persons 65 years of age or older whose total income is derived from dividends and interest are exempt from the tax.

PRIVILEGE TAX - The first state privilege tax in Tennessee was levied in 1799. During the ensuing 150 years, 132 business activities were made subject to the tax. Virtually all of these business-related privilege taxes were abolished in 1971 and re-enacted as part of other taxes. Currently, the privilege tax base is provided from litigation taxes, realty transfer and mortgage taxes.

GROSS RECEIPTS TAXES - There have been numerous additions, deletions and alterations in the group of taxable privileges comprising the gross receipts tax since it was first imposed in 1937. Currently, the tax covers bottlers, mixing bars, utilities, theaters, firearms and vending machines. TVA payments "in lieu of taxes" based on power sales in Tennessee make up 70% of collections.

ALCOHOLIC BEVERAGE TAX - The alcoholic beverage tax was enacted in 1939, authorizing the sale of alcoholic beverages in counties and municipalities in Tennessee is approved by local referendum. It provided for a system of state licensing fees and established a gallonage tax on wines and liquors sold in the state. Currently, the tax is levied at the rate of $4.00 per gallon on distilled spirits and $1.10 per gallon on wines, with additional fees for regulatory purposes and for the issuance of licenses and permits.

STATE OF TENNESSEE
DESCRIPTION OF TAX SOURCES (CONTINUED)
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 1980

FRANCHISE TAX - The franchise tax, first collected in 1937, imposes an annual tax for the privilege of engaging in business in corporate form in the state. The tax is levied at the rate of $1.50 per $1,000 of corporate stock, surplus and undivided profits of domestic and foreign corporations operating in Tennessee.

EXCISE TAX - The excise tax originated in 1923 and has always been a major revenue source. The tax is presently applied at the rate of 6% of annual net earnings from business done in Tennessee by all corporations, co-operatives conducted for profit, joint stock associations, business trusts and national banks. Formulas are used for determining the appropriate tax for corporations doing business in Tennessee as well as other states.

INHERITANCE, ESTATE AND GIFT TAXES - The inheritance tax was first enacted in 1891. Originally the tax was applicable only to property going to collateral heirs, but was extended to direct heirs in 1909. The rate and base are divided into two different classes and apply to all property, real and personal, with certain exemptions applicable to each class. During the 1978 session of the General Assembly extensive changes were made in the inheritance, estate and gift tax statutes (Chapter 731, Public Acts, 1978). These changes have resulted in substantial decreases in collections.

TOBACCO TAXES - Tobacco taxes were first levied in 1925. The present tax equates to 13¢ per pack of 20 cigarettes and 6% of the wholesale cost for all other tobacco products.

INSURANCE COMPANY PREMIUM TAX - This tax, first enacted in 1945, is applied to gross premiums paid by or for policyholders residing in this state or on property located in the state. The rate is 1.75% for domestic life insurance companies and 2% for all others.

UNEMPLOYMENT INSURANCE TAX - With the enactment of the Employment Security Law of 1947, employers in the state began paying contributions to be used for the payment of unemployment benefits to qualified persons. The base rate of contributions is 2.7% of taxable wages paid by employers subject to the provisions of the law. The actual rate of contributions may vary, however, from .3% to 4% depending on the employer's experience rating. Certain non-profit and governmental employers are eligible to make payments in lieu of regular contributions.

TABLE IV

STATE OF TENNESSEE
RATIO OF NET GENERAL LONG-TERM DEBT TO ASSESSED VALUE AND NET DEBT PER CAPITA FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands except Ratio and Per Capita Data)

			GENERAL LONG-TERM DEBT			NET GENERAL LONG-TERM DEBT	
FOR THE YEAR ENDED JUNE 30	POPULATION	ASSESSED VALUE	TOTAL (NOTE)	LESS DEBT SERVICE FUND	NET	RATIO TO ASSESSED VALUE	PER CAPITA
1971	3,990	$ 8,964,928	$313,860	$2,010	$311,850	3.48%	$ 78.16
1972	4,031	10,555,463	338,000	2,459	335,541	3.18	83.24
1973	4,095	9,185,787	372,090	2,747	369,343	4.02	90.19
1974	4,149	9,978,197	407,780	2,001	405,779	4.07	97.80
1975	4,173	10,883,811	529,470	607	528,863	4.86	126.73
1976	4,234	11,380,663	642,960	1,115	641,845	5.64	151.59
1977	4,292	11,904,068	639,750	3,805	635,945	5.34	148.17
1978	4,357	12,739,419	698,940	1,800	697,140	5.47	160.01
1979	4,399	13,580,499	650,730	2,461	648,269	4.77	147.37
1980	4,436	14,300,000 Est.	603,020	2,821	600,199	4.20 Est.	135.30

NOTE: Total General Long-Term Debt does not include Sewage Treatment Facilities Fund General Obligation Notes and Bonds as follows:

YEAR	NOTES	BONDS
1972	$12,000	
1973	25,000	
1974	28,000	
1975	40,000	
1976	69,800	
1977	95,000	$52,095
1978	43,375	50,905
1979	65,000	49,650
1980	44,000	48,330

These obligations are reported as debt of that enterprise in the accompanying financial statements.

TABLE V

STATE OF TENNESSEE
COMPUTATION OF LEGAL DEBT SERVICE MARGIN
JUNE 30, 1980

(Expressed in Thousands)

LEGAL DEBT SERVICE LIMIT (1980 PLEDGED REVENUES OF $238,206 ÷ 150%)	$158,804
LESS - 1980 DEBT SERVICE REQUIRED ON ALL GENERAL LONG-TERM DEBT, INCLUDING SEWAGE TREATMENT FACILITIES FUND GENERAL OBLIGATION NOTES AND BONDS	(84,142)
LEGAL DEBT SERVICE MARGIN	$ 74,662

		COLLECTIONS FOR FISCAL YEAR 1980			PLEDGED	
	PORTION PLEDGED	ALL GOVERNMENTAL FUND TYPES	LOCAL GOVERNMENT FUND	TOTAL	PER CENT	AMOUNT
CALCULATION OF 1980 PLEDGED REVENUES, AS ABOVE:						
GASOLINE TAX	5¢ of the 7¢ tax per gallon	$ 94,167	$69,365	$163,532	71.4%	$116,809
GASOLINE INSPECTION FEE	All	20,062	12,017	32,079	100.0	32,079
MOTOR VEHICLE REGISTRATION FEE	One-half	90,761		90,761	50.0	45,380
FRANCHISE TAX	All	43,938		43,938	100.0	43,938
TOTALS		$248,928	$81,382	$330,310		$238,206

NOTE: Pledged revenues for the last five years are shown below:

FISCAL YEAR	PLEDGED REVENUES	PER CENT INCREASE (DECREASE)
1976	$216,321	
1977	228,646	5.7%
1978	238,213	4.2
1979	249,640	4.8
1980	238,206	(4.6)

TABLE VI

STATE OF TENNESSEE
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL LONG-TERM DEBT TO TOTAL EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands except Ratio Data)

FOR THE YEAR ENDED JUNE 30	DEBT SERVICE	TOTAL EXPENDITURES	RATIO
1971	$28,228	$1,238,831	2.28%
1972	34,554	1,338,331	2.58
1973	41,243	1,447,739	2.85
1974	40,747	1,616,489	2.52
1975	47,037	2,060,084	2.28
1976	56,518	2,412,961	2.34
1977	76,566	2,493,561	3.07
1978	80,748	2,676,473	3.02
1979	80,873	2,989,186	2.71
1980	78,104	3,473,511	2.25

STATE OF TENNESSEE
SCHEDULE OF REVENUE BOND COVERAGE
TENNESSEE HOUSING DEVELOPMENT AGENCY FUNDS
SINCE INCEPTION IN 1975

(Expressed in Thousands except Coverage)

FOR THE YEAR ENDED JUNE 30	DEDICATED REVENUES	RELATED EXPENSES	NET AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS	COVERAGE
1975	$ 1,510	$ 39	$ 1,471	$ 1,279	1.15
1976	4,582	178	4,404	4,340	1.01
1977	7,893	278	7,615	7,233	1.05
1978	13,104	712	12,392	11,825	1.05
1979	24,339	928	23,411	20,177	1.16
1980	32,289	1,123	31,166	26,548	1.17

STATE OF TENNESSEE
SCHEDULE OF REVENUE BOND COVERAGE
COLLEGE AND UNIVERSITY FUNDS
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands except Coverage)

FOR THE YEAR ENDED JUNE 30	FEES AND CHARGES	DEBT SERVICE REQUIREMENTS			COVERAGE
		TENNESSEE STATE SCHOOL BOND AUTHORITY	OTHER THAN AUTHORITY	TOTAL	
1971	$ 81,708	$ 5,017	$1,715	$ 6,732	12.1
1972	88,412	7,648	2,066	9,714	9.1
1973	99,813	7,648	2,003	9,651	10.3
1974	102,054	7,648	1,672	9,320	11.0
1975	115,347	7,648	1,683	9,331	12.4
1976	132,371	7,648	1,378	9,026	14.7
1977	144,728	12,769	1,297	14,066	10.3
1978	155,927	12,939	1,342	14,281	10.9
1979	174,513	13,109	1,261	14,370	12.1
1980	193,954	13,013	2,038	15,051	12.9

TABLE VIII

STATE OF TENNESSEE
DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS
JUNE 30, 1980

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30	GENERAL LONG-TERM DEBT			SEWAGE TREATMENT FACILITIES FUND DEBT (NOTE)		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
1981	$ 49,210	$ 28,152	$ 77,362	$ 1,380	$ 2,404	$ 3,784
1982	49,210	25,879	75,089	1,455	2,337	3,792
1983	48,710	23,614	72,324	1,495	2,266	3,761
1984	45,710	21,365	67,075	1,580	2,193	3,773
1985	43,210	19,233	62,443	1,650	2,116	3,766
1986	43,210	17,238	60,448	1,725	2,035	3,760
1987	43,210	15,247	58,457	1,815	1,950	3,765
1988	41,650	13,223	54,873	1,905	1,862	3,767
1989	38,900	11,266	50,166	2,015	1,766	3,781
1990	38,900	9,391	48,291	2,025	1,666	3,691
1991	36,250	7,597	43,847	2,135	1,564	3,699
1992	31,450	5,872	37,322	2,225	1,458	3,683
1993	25,040	4,465	29,505	2,340	1,346	3,686
1994	25,040	3,208	28,248	2,425	1,229	3,654
1995	22,040	2,040	24,080	2,525	1,108	3,633
1996	16,540	963	17,503	2,310	982	3,292
1997	4,740	223	4,963	1,760	866	2,626
1998				1,740	778	2,518
1999				1,845	691	2,536
2000				1,945	599	2,544
2001				2,060	502	2,562
2002				2,165	399	2,564
2003				1,710	290	2,000
2004				1,805	205	2,010
2005				1,610	115	1,725
2006				685	34	719
	$603,020	$208,976	$811,996	$48,330	$32,761	$81,091

NOTE: Sewage Treatment Facilities Fund General Obligation Notes of $44 million at June 30, 1980 are not included in the above table.

TABLE IX

STATE OF TENNESSEE
DEBT SERVICE REQUIREMENTS TO MATURITY
REVENUE BONDS
JUNE 30, 1980

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30	TENNESSEE HOUSING DEVELOPMENT AGENCY DEBT			COLLEGE AND UNIVERSITY DEBT (NOTE)		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
1981	$ 6,660	$ 26,890	$ 33,550	$ 4,111	$ 10,287	$ 14,398
1982	8,970	26,603	35,573	4,289	10,086	14,375
1983	10,095	26,100	36,195	4,503	9,301	13,804
1984	11,810	25,531	37,341	4,707	9,071	13,778
1985	12,455	24,892	37,347	4,975	8,828	13,803
1986	12,695	24,209	36,904	5,232	8,572	13,804
1987	13,240	23,500	36,740	5,764	7,697	13,461
1988	13,005	22,743	35,748	5,935	7,432	13,367
1989	13,020	21,984	35,004	6,213	7,155	13,368
1990	13,000	21,211	34,211	6,508	6,864	13,372
1991	13,000	20,432	33,432	6,785	6,561	13,346
1992	14,655	19,625	34,280	8,197	6,217	14,414
1993	14,940	18,688	33,628	7,389	5,855	13,244
1994	13,335	17,748	31,083	7,683	5,502	13,185
1995	12,850	16,895	29,745	8,036	5,130	13,166
1996	12,660	16,049	28,709	8,378	4,741	13,119
1997	12,735	15,201	27,936	8,475	4,332	12,807
1998	14,360	14,194	28,554	8,667	3,920	12,587
1999	14,195	13,316	27,511	9,012	3,479	12,491
2000	14,430	12,297	26,727	9,244	3,023	12,267
2001	14,250	11,260	25,510	7,335	2,548	9,883
2002	14,765	10,226	24,991	9,284	2,176	11,460
2003	14,700	9,172	23,872	6,774	1,709	8,483
2004	16,095	8,106	24,201	7,072	1,350	8,422
2005	13,965	6,955	20,920	7,354	975	8,329
2006	15,170	5,968	21.138	5,176	588	5,764
2007	13,845	4,880	18,725	1,917	316	2,233
2008	13,105	3,895	17,000	1,027	227	1,254
2009	10,355	2,966	13,321	1,072	174	1,246
2010	9,305	2,217	11,522	1,082	119	1,201
2011	7,390	1,567	8,957	1,143	61	1,204
2012	5,865	1,061	6,926			
2013	2,905	740	3,645			
2014	1,925	579	2,504			
2015	1,880	461	2,341			
2016	2,005	341	2,346			
2017	2,565	214	2,779			
2018	980	61	1,041			
	$413,180	$478,777	$891,957	$183,339	$144,296	$327,635

NOTE: College and University refunded debt totaling $58,340 in 1982 and $51,115 in 1986 has been replaced in the above table by refunding debt of $58,005 and $52,985, respectively, thereby giving effect to the two crossover advance refundings which will be consummated in those years.

TABLE X

STATE OF TENNESSEE
SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY
JUNE 30, 1980

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30	GENERAL OBLIGATION BONDS		REVENUE BONDS		TOTAL REQUIREMENTS
	GENERAL LONG-TERM DEBT	SEWAGE TREATMENT FACILITIES FUND DEBT	TENNESSEE HOUSING DEVELOPMENT AGENCY DEBT	COLLEGE AND UNIVERSITY DEBT	
1981	$ 77,362	$ 3,784	$ 33,550	$ 14,398	$ 129,094
1982	75,089	3,792	35,573	14,375	128,829
1983	72,324	3,761	36,195	13,804	126,084
1984	67,075	3,773	37,341	13,778	121,967
1985	62,443	3,766	37,347	13,803	117,359
1986	60,448	3,760	36,904	13,804	114,916
1987	58,457	3,765	36,740	13,461	112,423
1988	54,873	3,767	35,748	13,367	107,755
1989	50,166	3,781	35,004	13,368	102,319
1990	48,291	3,691	34,211	13,372	99,565
1991	43,847	3,699	33,432	13,346	94,324
1992	37,322	3,683	34,280	14,414	89,699
1993	29,505	3,686	33,628	13,244	80,063
1994	28,248	3,654	31,083	13,185	76,170
1995	24,080	3,633	29,745	13,166	70,624
1996	17,503	3,292	28,709	13,119	62,623
1997	4,963	2,626	27,936	12,807	48,332
1998		2,518	28,554	12,587	43,659
1999		2,536	27,511	12,491	42,538
2000		2,544	26,727	12,267	41,538
2001		2,562	25,510	9,883	37,955
2002		2,564	24,991	11,460	39,015
2003		2,000	23,872	8,483	34,355
2004		2,010	24,201	8,422	34,633
2005		1,725	20,920	8,329	30,974
2006		719	21,138	5,764	27,621
2007			18,725	2,233	20,958
2008			17,000	1,254	18,254
2009			13,321	1,246	14,567
2010			11,522	1,201	12,723
2011			8,957	1,204	10,161
2012			6,926		6,926
2013			3,645		3,645
2014			2,504		2,504
2015			2,341		2,341
2016			2,346		2,346
2017			2,779		2,779
2018			1,041		1,041
TOTALS	$811,996	$81,091	$891,957	$327,635	$2,112,679

TABLE XI

STATE OF TENNESSEE
STATEMENT OF OUTSTANDING DEBT
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE LAST FIVE FISCAL YEARS

(Expressed in Thousands)

	JUNE 30				
	1976	1977	1978	1979	1980
ENTERPRISE FUNDS:					
SEWAGE TREATMENT FACILITIES NOTES	$ 69,800	$ 95,000	$ 43,375	$ 65,000	$ 44,000
SEWAGE TREATMENT FACILITIES BONDS		52,095	50,905	49,650	48,330
TENNESSEE HOUSING DEVELOPMENT AGENCY NOTES		11,400	13,233	15,109	2,671
TENNESSEE HOUSING DEVELOPMENT AGENCY BONDS	57,595	120,835	239,165	311,470	413,180
	127,395	279,330	346,678	441,229	508,181
INTERNAL SERVICE FUNDS:					
INFORMATION SYSTEM SERVICES NOTES			179		
INSTITUTIONAL FARMS NOTES				236	125
TENNESSEE STATE SCHOOL BOND AUTHORITY NOTES				634	
TENNESSEE STATE SCHOOL BOND AUTHORITY BONDS	58,005	58,005	110,990	110,990	110,990
TENNESSEE STATE SCHOOL BOND AUTHORITY CALL PREMIUMS	2,334	2,334	3,867	3,867	3,867
	60,339	60,339	115,036	115,727	114,982
GENERAL LONG-TERM DEBT:					
BOND ANTICIPATION NOTES	70,000				
BONDS	572,960	639,750	698,940	650,730	603,020
	642,960	639,750	698,940	650,730	603,020
COLLEGE AND UNIVERSITY FUNDS:					
ENDOWMENT FUND NOTES	80	64	48	48	32
PLANT FUND NOTES	141	208	784	1,913	16,705
PLANT FUND BONDS	190,200	189,141	193,226	186,352	181,804
	190,421	189,413	194,058	188,313	198,541
TOTALS	$1,021,115	$1,168,832	$1,354,712	$1,395,999	$1,424,724

STATE OF TENNESSEE
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 1980

BUILDINGS AND CONTENTS COVERAGE:

The state has a self-insurance program with a reserve of $3,500,000 reflected in the financial statements for this purpose. In addition, the state maintains an all-risk policy to cover losses in excess of $1,500,000 (annual aggregate deductible).

BOILER COVERAGE:

Boiler insurance limited coverage (explosion only) is in effect for $500,000 with $5,000 deductible.

AIRCRAFT COVERAGE:

The state has the following aircraft coverage in effect:

Admitted liability per seat	$ 100,000
Medical costs per seat	5,000
Liability per occurrence	25,000,000
Hull coverage:	
Beech King Air	780,000
Rockwell Commander	685,000

MALPRACTICE COVERAGE:

The state has policies covering physicians, surgeons, dentists and psychologists of the Department of Mental Health and Mental Retardation with limits ranging from $100,000 to $1,000,000; policies covering physicians, surgeons, dentists, physiotherapists and nurses of the Department of Public Health ranging from $50,000 to $1,000,000; and policies covering physicians, surgeons, psychologists, dentists and nurses of the Department of Correction with $100,000 limits.

The state also has a malpractice policy covering professional medical personnel at the University of Tennessee hospitals with limits of $200,000 each claim, $600,000 aggregate.

AUTOMOBILE COVERAGE:

All claims relating to state-owned vehicles are handled through the Board of Claims.

FIDELITY BOND COVERAGE:

The state has the following fidelity bond coverage in effect:

State Treasurer	$ 400,000
Commissioner of Revenue	50,000
Comptroller of the Treasury	20,000
Secretary of State	20,000
Public Service Commissioners	20,000
Tennessee Housing Development Authority Employees	250,000
All Other State Employees	1,000,000 with $5,000 deductible each loss

STATE OF TENNESSEE
METHODS OF SELECTION, TERMS OF OFFICE, ANNUAL SALARIES
AND FIDELITY BOND COVERAGE OF PRINCIPAL STATE OFFICIALS
JUNE 30, 1980

PRINCIPAL STATE OFFICIALS	METHOD OF SELECTION AND TERM	ANNUAL SALARY	FIDELITY BOND COVERAGE
EXECUTIVE BRANCH:			
GOVERNOR	POPULAR ELECTION - 4 YEARS	$68,226	*
DEPARTMENT HEADS:			
AGRICULTURE	APPOINTED BY GOVERNOR	46,526	*
BANKING	APPOINTED BY GOVERNOR	46,526	*
CONSERVATION	APPOINTED BY GOVERNOR	46,526	*
CORRECTION	APPOINTED BY GOVERNOR	46,526	*
ECONOMIC AND COMMUNITY DEVELOPMENT	APPOINTED BY GOVERNOR	51,510	*
EDUCATION	APPOINTED BY GOVERNOR	51,510	*
EMPLOYMENT SECURITY	APPOINTED BY GOVERNOR	46,526	*
FINANCE AND ADMINISTRATION	APPOINTED BY GOVERNOR	51,510	*
GENERAL SERVICES	APPOINTED BY GOVERNOR	46,526	*
INSURANCE	APPOINTED BY GOVERNOR	46,526	*
LABOR	APPOINTED BY GOVERNOR	46,526	*
MENTAL HEALTH AND MENTAL RETARDATION	APPOINTED BY GOVERNOR	56,339	*
MILITARY	APPOINTED BY GOVERNOR	46,526	*
PERSONNEL	APPOINTED BY GOVERNOR	46,526	*
PUBLIC HEALTH	APPOINTED BY GOVERNOR	56,339	*
REVENUE	APPOINTED BY GOVERNOR	46,526	$ 50,000
SAFETY	APPOINTED BY GOVERNOR	46,526	*
TOURIST DEVELOPMENT	APPOINTED BY GOVERNOR	46,526	*
TRANSPORTATION	APPOINTED BY GOVERNOR	51,510	*
VETERANS AFFAIRS	APPOINTED BY GOVERNOR	46,526	*
EXECUTIVE DIRECTOR, HIGHER EDUCATION COMMISSION	SELECTED BY COMMISSION	58,000	*
CHANCELLOR, BOARD OF REGENTS	SELECTED BY BOARD OF REGENTS	61,500	*
PRESIDENT, UNIVERSITY OF TENNESSEE	SELECTED BY BOARD OF TRUSTEES	66,900	*
JUDICIAL BRANCH:			
SUPREME COURT JUSTICES (5)	POPULAR ELECTION - 8 YEARS	57,799 (NOTE)	NONE
ATTORNEY GENERAL	SELECTED BY SUPREME COURT - 8 YEARS	57,799	NONE
LEGISLATIVE BRANCH:			
SENATORS (33)	POPULAR ELECTION - 4 YEARS	8,308	NONE
REPRESENTATIVES (99)	POPULAR ELECTION - 2 YEARS	8,308	NONE
CONSTITUTIONAL OFFICES:			
COMPTROLLER OF THE TREASURY	ELECTED BY LEGISLATURE - 2 YEARS	51,510	20,000
SECRETARY OF STATE	ELECTED BY LEGISLATURE - 4 YEARS	46,526	20,000
TREASURER	ELECTED BY LEGISLATURE - 2 YEARS	46,526	400,000
PUBLIC SERVICE COMMISSIONERS (3)	POPULAR ELECTION - 6 YEARS	46,526	20,000

*These officials are covered by an honesty blanket bond.

NOTE: The Supreme Court Justices select a Chief Justice from their membership to serve an 18-month rotating term with an annual salary of $62,616.

ECONOMIC DATA

Economic Data are presented to allow a broader understanding of the economic and social environment in which State government operates.

STATE OF TENNESSEE
ECONOMIC CHARACTERISTICS*

TENNESSEE'S ECONOMIC GROWTH

During the decade of the seventies, the Tennessee economy has grown more rapidly than the national economy. This is indicated by the increase in gross state product (GSP) during that time versus the increase in gross national product (GNP). From 1970 to 1980 Tennessee's GSP increased from 1.70% to 1.83% of the GNP; during the same period, the state's personal income increased from 1.51% to 1.62% of the national total.

(Expressed in Millions)

YEAR	GROSS STATE PRODUCT	PERSONAL INCOME	DISPOSABLE PERSONAL INCOME
1971	$18,481.8	$13,282.6	$11,948.4
1972	20,952.0	14,968.1	13,549.8
1973	23,916.1	16,908.0	15,182.7
1974	26,025.8	18,736.7	16,768.3
1975	27,257.6	20,124.5	18,151.2
1976	30,807.1	22,626.1	20,344.7
1977	34,459.4	25,211.7	22,579.0
1978	39,278.6	28,527.5	25,502.0
1979	43,496.6	31,797.8	28,376.7
1980	47,029.4	35,098.3	31,213.5

	TENNESSEE GROSS STATE PRODUCT BY SECTOR (Expressed in Millions)			SECTOR AS PERCENTAGE OF 1980 TOTAL
	1970	1975	1980	
MANUFACTURING	$ 6,297.4	$ 9,289.5	$16,052.4	34.2%
CONSTRUCTION	676.8	1,173.8	2,073.4	4.4
MINING	122.7	302.4	614.2	1.3
TRADE	2,661.7	4,665.6	7,702.0	16.4
SERVICES	1,693.9	2,882.0	5,094.6	10.8
FINANCE, INSURANCE AND REAL ESTATE	1,948.5	3,223.6	5,400.8	11.5
TRANSPORTATION, COMMUNICATION AND PUBLIC UTILITIES	1,144.7	1,974.5	3,565.1	7.6
FEDERAL GOVERNMENT	713.5	1,159.8	2,035.6	4.3
STATE AND LOCAL GOVERNMENT	1,097.4	1,957.7	3,441.7	7.3
AGRICULTURE	431.8	628.7	1,049.6	2.2
TOTAL GROSS STATE PRODUCT	$16,793.4	$27,257.6	$47,029.4	100.0%

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*Except as otherwise noted, the source for all economic information presented is the Tennessee Econometric Model developed by the Center for Business and Economic Research, College of Business Administration, The University of Tennessee, Knoxville.

	TENNESSEE AVERAGE ANNUAL WAGE BY SECTOR			PERCENTAGE CHANGE
	1970	1975	1980	(FROM 1970 TO 1980)
MANUFACTURING	$6,398	$ 9,154	$13,940	117.9%
CONSTRUCTION	7,012	9,696	13,818	97.1
MINING	6,828	11,331	17,395	154.8
TRADE	5,357	7,259	10,755	100.8
SERVICES	5,646	7,602	11,379	101.5
FINANCE, INSURANCE AND REAL ESTATE	6,422	9,060	13,776	114.5
TRANSPORTATION, COMMUNICATION AND PUBLIC UTILITIES	7,972	12,063	19,148	140.2
FEDERAL GOVERNMENT	9,513	13,281	22,206	133.4
STATE AND LOCAL GOVERNMENT	5,451	7,950	11,565	112.2
AGRICULTURE	1,950	3,094	4,516	131.6
ALL SECTORS	$6,093	$ 8,601	$12,973	112.9%

MANUFACTURING

The manufacturing sector is of special importance in Tennessee's economy as it has provided much of the impetus for the state's impressive economic growth record over the last decade. Although experiencing a slowdown in 1979 and 1980, the state's manufacturing output and employment are expected to return to former levels of growth in the eighties. Durable goods are projected to continue their gains of recent years, becoming almost as important as nondurables by 1990. It is evident that Tennessee continues to be attractive to a variety of manufacturers. The tables which follow indicate the state's growth in manufacturing gross product, employment and industrial expansion.

	TENNESSEE MANUFACTURING GROSS PRODUCT (Expressed in Millions)			PERCENTAGE CHANGE
	1970	1975	1980	(FROM 1970 to 1980)
DURABLES:				
FURNITURE AND FIXTURES	$ 205.4	$ 263.6	$ 474.8	131.2%
FABRICATED METALS	327.4	635.7	1,044.2	218.9
NONELECTRICAL MACHINERY	418.0	715.2	1,432.7	242.8
ELECTRICAL MACHINERY	531.9	612.8	1,408.7	164.8
TRANSPORTATION EQUIPMENT	311.3	343.7	887.9	185.2
OTHER	816.2	1,191.7	2,227.6	172.9
TOTAL DURABLES	2,610.2	3,762.7	7,475.9	186.4
NONDURABLES:				
FOOD	612.7	983.3	1,387.7	126.5
TEXTILES	308.9	346.1	522.8	69.3
APPAREL	463.7	653.2	1,224.6	164.1
PAPER	272.3	466.5	862.2	216.6
CHEMICALS	1,300.0	1,827.3	2,667.4	105.2
RUBBER AND PLASTICS	263.7	471.7	794.7	201.4
OTHER	465.9	778.7	1,117.1	139.8
TOTAL NONDURABLES	3,687.2	5,526.8	8,576.5	132.6
TOTALS	$6,297.4	$9,289.5	$16,052.4	154.9%

	TENNESSEE MANUFACTURING EMPLOYMENT (Expressed in Thousands)			PERCENTAGE CHANGE (FROM 1970 TO 1980)
	1970	1975	1980	
DURABLES:				
FURNITURE AND FIXTURES	24.6	22.5	24.4	(.8%)
FABRICATED METALS	28.2	31.3	30.6	8.5
NONELECTRICAL MACHINERY	20.8	27.9	33.5	61.1
ELECTRICAL MACHINERY	32.7	31.4	40.9	25.1
TRANSPORTATION EQUIPMENT	17.0	17.6	24.2	42.4
OTHER	68.4	63.9	73.3	7.2
TOTAL DURABLES	191.7	194.6	226.9	18.4
NONDURABLES:				
FOOD	36.1	38.3	38.2	5.8
TEXTILES	36.0	27.1	26.4	(26.7)
APPAREL	66.2	66.1	75.6	14.2
PAPER	14.2	15.2	17.8	25.4
CHEMICALS	60.6	55.2	55.9	(7.8)
RUBBER AND PLASTICS	14.3	16.7	21.3	49.0
OTHER	45.5	45.8	48.6	6.8
TOTAL NONDURABLES	272.9	264.4	283.8	4.0
TOTALS	464.6	459.0	510.7	9.9%

INDUSTRIAL GROWTH IN TENNESSEE
NEW PLANTS AND EXPANSIONS

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
NUMBER:										
NEW	145	168	149	182	105	94	97	141	104	90
EXPANSIONS	212	208	206	239	146	138	194	195	136	151
	357	376	355	421	251	232	291	336	240	241
INVESTMENT (IN THOUSANDS):										
NEW	$130,436	$136,137	$129,025	$278,937	$318,464	$160,463	$215,064	$177,555	$212,002	$238,945
EXPANSIONS	151,573	152,621	268,534	347,327	293,647	135,146	255,787	397,536	367,874	353,274
	$282,009	$288,758	$397,559	$626,264	$612,111	$295,609	$470,851	$575,091	$579,876	$592,219
JOB OPPORTUNITIES:										
NEW	18,041	15,282	16,114	22,834	9,212	6,203	7,967	9,542	7,674	5,942
EXPANSIONS	10,841	12,772	12,682	17,689	7,399	5,285	8,868	8,927	6,750	8,922
	28,882	28,054	28,796	40,523	16,611	11,488	16,835	18,469	14,424	14,864

SOURCE: Tennessee Department of Economic and Community Development.

FIFTY LARGEST INDUSTRIAL EMPLOYERS

(Ranked by Number of Employees)

	COMPANY	NUMBER OF PLANTS	NUMBER OF EMPLOYEES
1.	EASTMAN KODAK COMPANY	2	13,036
2.	UNION CARBIDE CORPORATION	8	11,929
3.	E. I. DUPONT, DENEMOURS & CO.	6	9,383
4.	GENESCO, INC.	25	7,752
5.	LEVI STRAUSS, INC.	10	5,132
6.	COMBUSTION ENGINEERING, INC.	2	5,130
7.	ALUMINUM CO. OF AMERICA	3	4,900
8.	FIRESTONE TIRE AND RUBBER CO.	4	4,900
9.	ARCATA NATIONAL CORP.	3	4,850
10.	NORTHWEST INDUSTRIES, INC.	10	4,352
11.	NORTH AMERICAN PHILIPS CORP.	4	4,244
12.	AKZONA, INC.	3	3,643
13.	BURLINGTON INDUSTRIES, INC.	4	3,550
14.	BROWN GROUP, INC.	10	3,533
15.	SALANT & SALANT, INC.	8	3,492
16.	CARRIER CORPORATION	5	3,417
17.	HENRY I. SEIGEL, CO., INC.	9	3,255
18.	RAYTHEON CO.	2	3,200
19.	GULF & WESTERN INDUSTRIES, INC.	15	3,086
20.	WASHINGTON MFG. CO.	11	3,064
21.	MAREMONT CORPORATION	4	3,050
22.	KELLWOOD COMPANY	9	3,003
23.	STANWOOD CORPORATION	6	2,902
24.	BLUE BELL INC.	9	2,773
25.	ITT	7	2,677
26.	GOODYEAR TIRE & RUBBER CO.	1	2,654
27.	GOULD, INC.	6	2,525
28.	AVCO CORPORATION	1	2,500
29.	INTERNATIONAL HARVESTER CO.	1	2,500
30.	MURRAY-OHIO MFG. CO.	1	2,500
31.	GENERAL ELECTRIC COMPANY	4	2,355
32.	EATON CORPORATION	4	2,140
33.	FORD MOTOR COMPANY	1	2,123
34.	CITIES SERVICE COMPANY	1	2,075
35.	TRW, INC.	4	2,046
36.	ASG INDUSTRIES, INC.	1	2,000
37.	NEWSPAPER PRINTING CORP.	1	2,000
38.	ROBERTSHAW CONTROLS CO.	3	1,940
39.	JIM WALTER CORP.	4	1,937
40.	SCRIPPS HOWARD NEWSPAPERS	2	1,904
41.	UNITED TELECOMMUNICATIONS, INC.	1	1,880
42.	P. R. MALLORY & CO., INC.	4	1,855
43.	ALLIED CHEMICAL CORP.	1	1,800
44.	SCHERING-PLOUGH CORP.	1	1,800
45.	SPERRY RAND CORP.	1	1,700
46.	THE TRANE COMPANY	1	1,700
47.	ALADDIN INDUSTRIES, INC.	3	1,675
48.	BEAUNIT CORP.	1	1,600
49.	THE PROCTER & GAMBLE COMPANY	3	1,550
50.	MAGIC CHEF, INC.	1	1,500

SOURCE: Tennessee Department of Economic and Community Development, Industrial Development Division.

AGRICULTURE

Important export commodities such as soybeans, tobacco, cotton, corn, and greenhouse and nursery products are among the top income earners for Tennessee farmers.

CASH RECEIPTS
(Expressed in Millions)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
CROPS	$319.5	$316.0	$ 503.1	$ 555.8	$ 505.8	$ 601.1	$ 705.2	$ 757.3	$ 764.1	$ 834.1
MEAT ANIMALS	249.9	331.0	412.9	226.6	366.9	405.5	398.3	564.4	643.5	688.6
DAIRY PRODUCTS	115.5	123.0	133.3	156.1	168.8	193.8	203.5	216.4	236.3	254.3
POULTRY AND EGGS	56.4	61.4	94.2	76.1	75.4	81.1	89.8	87.3	106.7	114.4
	$741.3	$831.4	$1,143.5	$1,014.6	$1,116.9	$1,281.5	$1,396.8	$1,625.4	$1,750.6	$1,891.4

POPULATION AND EMPLOYMENT TREND

The state's population has increased close to 1% per year with a shift in recent years to a net in-migration condition from one of a net out-migration.

(Expressed in Thousands except Unemployment Rates)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
POPULATION	3,990	4,031	4,095	4,149	4,173	4,234	4,292	4,357	4,399	4,436
LABOR FORCE	1,665	1,729	1,752	1,820	1,809	1,832	1,900	1,916	1,979	1,989
TOTAL EMPLOYMENT	1,587	1,665	1,683	1,728	1,658	1,722	1,780	1,806	1,864	1,846
UNEMPLOYMENT	78	64	69	92	151	110	120	110	115	143
TENNESSEE UNEMPLOYMENT RATE	4.7%	3.7%	3.9%	5.1%	8.3%	6.0%	6.3%	5.7%	5.8%	7.2%
U. S. UNEMPLOYMENT RATE	5.9%	5.6%	4.9%	5.6%	8.5%	7.7%	7.0%	6.0%	5.8%	7.9%

BANK DEPOSITS, INTERNAL REVENUE COLLECTIONS, RETAIL SALES AND EFFECTIVE BUYING INCOME

(Expressed in Thousands)

YEAR	BANK DEPOSITS	INDIVIDUAL IRS COLLECTIONS	RETAIL SALES	EFFECTIVE BUYING INCOME (MEDIAN HOUSEHOLD)
1970	$ 7,496,600	$1,231,900	$ 6,217,100	Not Available
1971	8,736,500	1,334,200	7,011,600	$6.5
1972	10,422,800	1,418,300	7,798,500	6.9
1973	11,948,000	1,725,300	9,639,600	7.8
1974	12,500,000	1,968,400	10,797,100	9.7
1975	13,262,400	1,973,300	11,436,100	11.0
1976	14,406,300	2,281,400	12,748,000	11.6
1977	15,954,200	2,632,700	14,255,300	12.7
1978	17,252,600	3,025,500	15,712,200	13.4
1979	17,236,700	3,421,200	17,107,300	13.4

SOURCES: R. L. Polk World Bank Directory, Sales Management's Survey of Buying Power and the Tennessee Econometric Model.

NEW HOUSING UNITS AUTHORIZED IN PERMIT-ISSUING PLACES
VALUATION OF BUILDING PERMITS OR PUBLIC CONTRACTS ISSUED

(Expressed in Thousands)

	PRIVATELY OWNED	PUBLICLY OWNED	TOTAL
1970	$268,500	$28,700	$297,200
1971	431,800	16,400	448,200
1972	590,800	7,900	598,700
1973	582,900	2,100	585,000
1974	331,800	2,400	334,200
1975	310,900	8,100	319,000
1976	444,200	5,800	450,000
1977	642,700	4,500	647,200
1978	805,200	7,400	812,600
1979	728,600	5,700	734,300

SOURCE: United States Department of Commerce Construction Reports.

POPULATION, TAX BASE AND PERSONAL INCOME

(Expressed in Thousands)

YEAR	POPULATION	ASSESSED VALUE	APPRAISED VALUE	PERSONAL INCOME	PER CAPITA INCOME
1971	3,990	$ 8,964,900	$22,914,300	$13,282,600	$3.3
1972	4,031	10,555,500	25,032,100	14,968,100	3.7
1973	4,095	9,185,800	29,652,000	16,908,000	4.1
1974	4,149	9,978,200	31,755,700	18,736,700	4.5
1975	4,173	10,883,800	34,564,300	20,124,500	4.8
1976	4,234	11,380,700	36,232,800	22,626,100	5.3
1977	4,292	11,904,000	38,298,200	25,211,700	5.9
1978	4,357	12,739,400	40,260,500	28,527,500	6.5
1979	4,399	13,580,500	44,458,400	31,797,800	7.2
1980	4,436	14,300,000 Est.	46,200,000 Est.	35,098,300	7.9

SOURCE: State Board of Equalization and the Tennessee Econometric Model.

PUBLIC SCHOOL ENROLLMENT GRADES K-12

ACADEMIC YEAR	GRADES K-3	GRADES 4-6	GRADES 7-9	GRADES 10-12	TOTAL ALL GRADES
1970-71	266,667	233,985	236,496	185,072	922,220
1971-72	264,552	229,729	236,774	188,195	919,250
1972-73	259,163	230,705	232,321	188,224	910.413
1973-74	257,833	229,840	223,827	188,836	900,336
1974-75	261,738	227,519	225,269	182,780	897,306
1975-76	268,625	220,433	229,826	186,847	905,731
1976-77	277,579	210,359	234,306	186,042	908,286
1977-78	281,621	203,116	232,124	188,159	905,020
1978-79	280,357	202,414	224,585	190,173	897,529
1979-80	274,146	205,877	214,202	189,448	883,673

PUBLIC HIGHER EDUCATION INSTITUTIONS
FULL-TIME EQUATED FALL ENROLLMENT

	1971	1972	1973	1974	1975	1976	1977	1978	1979
UNIVERSITIES:									
AUSTIN PEAY STATE	3,378	3,187	3,327	3,299	3,461	3,640	3,789	4,001	4,112
EAST TENNESSEE STATE	8,107	8,028	7,946	7,717	8,690	8,564	8,429	8,181	8,348
MEMPHIS STATE	15,262	15,157	15,345	16,095	16,669	15,939	15,836	15,683	15,495
MIDDLE TENNESSEE STATE	8,226	8,537	8,631	8,938	9,352	9,140	9,157	9,109	9,467
TENNESSEE STATE	4,375	4,418	4,033	4,347	4,633	4,943	4,525	4,889	6,473
TENNESSEE TECHNOLOGICAL	5,959	6,102	6,081	6,027	6,222	6,269	6,422	6,516	6,905
UNIVERSITY OF TENNESSEE-CHATTANOOGA	3,960	3,983	3,907	3,942	4,447	4,755	4,893	5,042	5,356
UNIVERSITY OF TENNESSEE-KNOXVILLE	22,605	23,339	23,631	24,754	26,407	25,997	26,412	25,668	26,080
UNIVERSITY OF TENNESSEE-MARTIN	4,703	4,723	4,702	4,708	4,854	4,874	4,665	4,652	4,828
UNIVERSITY OF TENNESSEE-NASHVILLE	1,353	1,763	2,179	2,328	2,544	2,586	2,558	2,418	*
TOTAL UNIVERSITIES	77,928	79,237	79,782	82,155	87,279	86,707	86,686	86,159	87,064
COMMUNITY COLLEGES:									
CHATTANOOGA STATE TECHNICAL			788	1,373	2,327	2,349	2,413	2,633	2,997
CLEVELAND STATE	1,506	1,516	1,658	1,693	2,059	1,919	1,911	1,920	1,806
COLUMBIA STATE	1,201	1,007	903	970	1,218	1,150	1,166	1,248	1,311
DYERSBURG STATE	564	570	614	645	764	664	565	625	671
JACKSON STATE	1,050	1,034	1,082	1,125	1,478	1,459	1,438	1,522	1,686
MOTLOW STATE	685	651	738	709	815	870	974	1,067	1,124
ROANE STATE	235	578	729	997	1,527	1,637	1,662	1,751	1,799
SHELBY STATE		846	1,552	2,300	3,057	3,301	3,137	3,070	3,260
VOLUNTEER STATE	446	1,023	1,067	1,190	1,683	1,663	1,658	1,578	1,857
WALTERS STATE	745	939	1,130	1,250	1,949	1,768	1,797	1,875	2,102
TOTAL COMMUNITY COLLEGES	6,432	8,164	10,261	12,252	16,877	16,780	16,821	17,289	18,613
TOTAL ALL INSTITUTIONS	84,360	87,401	90,043	94,407	104,156	103,487	103,507	103,448	105,677

*Effective July 1, 1979 the Nashville campus of the University of Tennessee was merged with Tennessee State University. Therefore, the fall 1979 full-time equated enrollment of 1,510 for this campus is included with the Tennessee State University enrollment.

SOURCES: Tennessee Department of Education and the Higher Education Commission.